

A MIDLAND BANK GROUP UNIT TRUST



## OVERSEAS NEWS

## Italian Left claims 'vendetta' against opera officials

BY PAUL BETTS

THE CRESCENDO of arrests of leading Italian opera officials in the last 48 hours is expected to be only the overture of an unsavoury scandal with wide-ranging and melodramatic political repercussions.

Italy's Left-wing forces, including the Communists and the Socialists, sharply condemned today the decision of a Rome magistrate to charge some 40 opera directors and musical agents with alleged corruption in the selection of performers.

Among those charged are leading personalities of the Italian musical establishment, like the

artistic director of the Rome Opera House, Sig. Gioacchino Lanza Tomasi, and the artistic director of the Academy of Santa Cecilia, Sig. Francesco Siciliani. The arrests have hit most of the country's major opera houses and seriously threaten the current season.

Sig. Tomasi, who was one of the first to be arrested, was provisionally released last night by the Rome Magistrate, Sig. Nino Fico.

The left-wing parties and leading cultural circles here claim that the arrests were in part motivated by the "vendetta" of some performers who have un-

successfully tried to make it to the top of Italy's lofty, baroque and sometimes venomous world of the bel canto, as well as bureaucratic blundering and questionable political manoeuvres.

After a meeting chaired by the artistic director of La Scala, Sig. Carlo Maria Badini, the Italian Opera Managers' Association fiercely attacked the current legislation forbidding opera houses in Italy to hire singers through agents.

Clearly, they claim, it is impossible to keep up with international standards without going through agents. They called for

urgent amendments in the existing legislation which they consider is utterly unrealistic.

The magistrate for his part retorted he was only enforcing the law introduced about 10 years ago as a control on the world of the opera, which last year received some 1,700m, or 240m, from the Government.

The charges reportedly include allegations of "pay-offs" and illegal capital transfers abroad. Some performers claimed they had to pay money to agents and in artistic directors to be able to perform in certain theatres.

What has caused a particular hullabaloo are charges that Italy's

fiscal police force, the Guardia di Finanza, apparently tapped the telephones of several leading figures of the Italian musical establishment.

The left-wing parties claim that since the country's leading opera houses have come under left-wing management—following the advance of the Communist Party in several regions and municipalities—reactionary forces on the right of the ruling Christian Democracy party and the neo-fascist MSI party have un-

leashed a campaign against attempts to rejuvenate and modernise the operatic and musical life of the country.

Moreover, the policy of popularising the traditionally elitist world of the opera has been the source of excessive controversy. Trade union members, for example, no longer benefit of special nights at opera houses like La Scala in Milan.

Rome, which is currently going through a musical renaissance of sorts, appears to have been the main target of this political attack.

At the same time, there is growing exasperation over some of the extravagance fees top performers, mainly foreigners, are paid by State-subsidised opera houses.

ROME, June 2

## U.S. embassy in Moscow stumbles on bugging post

MOSCOW, June 2. U.S. SECURITY men burst in on a Russian inside a secret electronic listening post after crawling down a tunnel discovered under their Moscow embassy, informed sources said today.

The startled technician was seated in front of a bank of consoles and fled when the Americans entered, they said. Details of the dramatic encounter emerged after a Washington announcement last night that the United States had protested to the Soviet Union over bugging of the embassy.

Official spokesmen in Washington and at the embassy here said that bugging devices were found in the building earlier this week. But details provided by various sources indicated that the alleged Soviet eavesdropping operation was one of the most extensive ever uncovered by a Western embassy here.

The State Department disclosure was made after U.S. diplomats learned that word of the find had reached an American correspondent in Moscow.

Official reluctance to say more about the affair was apparently due to concern about its impact on relations between the two countries, which were at a critical phase in the negotiation of a new treaty limiting strategic arms.

One American diplomat told a reporter informally that the Russians could easily suspect a deliberate American leak designed to embarrass them at a time when the two countries are exchanging constant criticisms of each other.

The sources said the tunnel led from the bottom of an old chimney shaft in the U.S. mission's south wing to a nearby Soviet office and apartment building. Some of the bugging equipment, which included a dish-shaped receiving and transmitting device, was found inside the shaft. So was an aerial with wires leading from it into the wing's embassy staff apartments.

One informant said the discovery was made after a routine security check of a fifth-floor apartment revealed a wire behind a radiator. Security men traced the wire and found the tunnel.

A different account came from another source who said the old chimney shaft was found by chance during refurbishing work. The chimney runs up an outside wall where the eight-storey embassy wing adjoins a Soviet apartment block. It was this neighbouring building that housed the listening post, the sources said.

The south wing, with the embassy's scientific section and apartments for secretaries and other junior staff, is not as sensitive as other parts of the building.

But U.S. officials were understood to be worried that the equipment was used to monitor the central part of the embassy, where its political and military sections are situated.

The U.S. mission has been involved in several bugging scares since the Second World War, including reports two years ago citing supposed radiation detected in the building.

Reuter

## SPANISH BANK'S ADMINISTRATION TAKEN OVER Reassurance for depositors

BY ROBERT GRAHAM

IN A SURPRISE move Spain's second largest bank, Banesto, today took over the administration of the medium-sized Banca Coca, controlled by the Coca family. At the same time Banesto issued a statement guaranteeing the money of all Coca's depositors and clients.

The decision was taken yesterday as a result of a series of top-level meetings between the two banks, and with the approval of the Bank of Spain. It comes only a week before the normal merger between the two banks, announced last December, is due to take place.

According to Banesto, the takeover of the administration and guaranteeing of deposits of Coca is distinct from the legal aspects of the merger.

Banesto is understood to have been obliged to take this action because of evidence of a withdrawal of deposits from Banca Coca in recent days. The withdrawal appeared to be related to rumours that inspectors from the Ministry of Finance were investigating property deals in Malaga by companies with which Banca Coca is allegedly involved, and further the publicity following the charges of a major breach of foreign ex-

change regulations involving Pta 651m (\$31m).

One of the men charged, Sr. Enrique Mirasol Montoya, was until recently a senior board member of Banca Coca.

Banca Coca on Wednesday issued a statement denying any involvement in breaching exchange control regulations and insisted that the various investigations being carried out on its activity were solely designed to finalise its proposed merger with Banesto.

Banking sources say it is too soon to speculate on how Banesto's action will affect the merger. Under the terms of the merger

already approved by the shareholders of the two banks, the Coca family will become the largest single shareholder with approximately 8 per cent of Banesto's equity. Sr. Ignacio Coca is also due to become vice-chairman.

Banesto in March had total deposits of Pta 515m, and Coca deposits of Pta 72m. The merger would make Banesto once again the leading Spanish bank in deposit terms—a position that was wrested from it by its rival Banco Central last December when the latter merged with another family bank, Banco Iberia. Central now has deposits of Pta 555m.

MADRID, June 2.

## W. German jobless total falls below 1m

BY ADRIAN DICKS

BONN, June 2.

UNEMPLOYMENT in West Germany fell below 1m during May for the first time since last October. The number of people out of work fell by 87,432 to 912,987, while the unemployment rate declined from 4.4 per cent in April to 4 per cent. It was 4.2 per cent in May 1977.

Publication of the May unemployment figures coincided with that of revised figures for industrial new orders in March, showing that there was a rise of 4 per cent rather than of 0.5 per cent as originally reported. During April, according to preliminary figures, new orders rose by a further 0.5 per cent.

The West German Government expressed its satisfaction at the improvement in the employment situation. Dr. Armin Gruenwald, the official economic spokesman, noted that the number of people unemployed in May was the lowest for the month for four years, as was also the number of people on short-time—283,300 compared to 297,700 in April.

Another heartening feature of the May figures, he said, was the 10 per cent drop in the number of young people out of work.

Nonetheless, the Government is not claiming any fundamental improvement in the employment situation. Herr Josef Kling, head of the non-political Federal Labour Office, said that "as encouraging as the decline is, it opens no prospect of cyclical improvement. We must view the economic outlook rather sceptically."

## S. African exiles 'being trained as terrorists'

BY QUENTIN PEEL

JOHANNESBURG, June 2.

SECURITY POLICE in South Africa believe about 4,000 black exiles are undergoing "terrorist training" in other African countries. According to reports here, a large number of "alleged terrorists" have been captured while returning to South Africa "armed with Communist weapons."

The estimates were revealed today by Brigadier C. F. Zietsman, chief of the security police, who said training was being carried out in Angola,

Mozambique, Tanzania and Libya. His statement follows earlier reports that 300 people are in detention in South Africa for security offences. They will be charged in 87 forthcoming trials under the security and arms laws.

In an interview with the Rand Daily Mail, Brigadier Zietsman blamed the upsurge on the mass exodus of black refugees following the outbreak of Soweto riots in June, 1976. Training was limited to two or three months, he claimed.

## Two Renault plants occupied by strikers

BY DAVID CURRY

PARIS, June 2.

A SERIES of strikes over the past few days, both union-organised and wildcat, has broken the atmosphere of industrial peace which has reigned in France since the March general election.

Although the strike action has so far been scattered, the Renault plant in the Vosges textile region where the threat to employment caused by the problems of the Boussac group has already provoked a series of strikes and demonstrations.

The CFDT union has now issued a general call for the occupation of any plant which is threatened by closure during the interim regime of the court-appointed managers.

There is sporadic difficulties over manning levels among the Paris regional transport network. Jaguar drivers yesterday day the two main unions at the State-owned electricity authority, the CGT and the CFDT, staged a walk-out, claiming that the Government's plans to recapture heat lost from power stations for district heating and to generate electricity threatened the State's monopoly over power generation.

The State of strikes comes as the two sides of industry are due to begin this year's round of wage negotiations within the framework of the Government's incomes policy. This seeks to limit increases to what is adequate to cover the higher cost of living. With this in mind the Government has just imposed a 3 per cent pay rise on the Civil Service to compensate for inflation so far this year.

They are claiming a FF 3,000 minimum monthly wage, a 40-hour week, a fifth week's paid annual holiday, and retirement at 60. The company says the strike has come just as it is opening negotiations with the unions on improving working conditions and on introducing a clear career structure designed to guarantee regular improvement in the position of the manual worker.

Renault also has trouble at its Flins plant west of Paris, where about half the 600 workers in the heavy press shop have occupied the premises. The company says the jobs of the 20,000

workers in the plant could be threatened. The unions are trying to spread the strike through the plant but the company claims that they are not having much success.

There is also likely to be mounting trouble in the Vosges textile region where the threat to employment caused by the problems of the Boussac group has already provoked a series of strikes and demonstrations.

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## Franco-Chad units inflict severe damage on rebels

BY OUR OWN CORRESPONDENT

PARIS, June 2.

UP TO 500 French combat troops, along with 1,200 to 1,500 soldiers of the Chad army, have taken part in battles over the last few days against rebel Frolinat forces in the central African state of Chad.

Reports reaching Paris suggest that the Franco-Chad forces have come just as it is opening negotiations with the unions on improving working conditions and on introducing a clear career structure designed to guarantee regular improvement in the position of the manual worker.

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Frolinat, which is back by Libya, controls the north to half of the country, and it is thought that the battle was provoked by a Frolinat attempt to break through the rough defensive line, sealing off the capital from the rebel-held area.

It is reported that the French and Chad forces have inflicted severe damage and may have wiped out an 800 to 1,000-strong Frolinat force in the region of Atti, some 450 km north-east of the capital, NDjamena.

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## THE HUNT FOR NAZI WAR CRIMINALS

## A photographic trail in Brazil

BY DIANA SMITH IN RIO DE JANEIRO

country with a visa from the day. Brazilian legation in Beirut. Since then, he has twice renewed his residence permit, working as a mechanic or bricklayer.

His presence here was revealed by accident. On April 23, Brazilian police dogged by

Israel yesterday formally requested Brazil to extradite Gustav Wagner. The West German embassy in Rio de Janeiro has already handed the Brazilian Foreign Ministry a copy of a warrant for his arrest, and asked for priority to be given to extradition proceedings.

An interest in his extradition has also been expressed by Austria, where Gustav Wagner was born, and Poland, where he served in the SS. They have not lodged official requests.

reporters from the Rio de Janeiro newspaper Jornal do Brasil raided a gathering of elderly Nazis who met at a small restaurant to celebrate Hitler's birth-

day. The participants were photographed. Several weeks later the photograph of one of them, a slightly-built, dark-haired middle-aged man, was categorically identified by Simon Wiesenthal in Vienna as Gustav Franz Wagner, of Sobibor.

Immediately Brazilian police and Press began to hunt Wagner. Last Tuesday he gave himself up at a Sao Paulo police station. Surprisingly, the white-haired, powerfully-built man, who identified himself as Gustav Franz Wagner, bore no resemblance whatever to the photograph identified by Wiesenthal. However, his particulars allegedly matched those of the ex-deputy commander of Sobibor.

All week, as Wagner's every move and word has been recorded by the media, many observers have been reminded of Hanna Arendt's phrase "ordinary men do not know that all things are possible."

The highlight of Gustav Wagner's media exposure was a televised confrontation with one of the few survivors of Sobibor,

Stanislav Smazjner, now a naturalised Brazilian, who claims to have escaped death because Wagner helped him after he agreed to work for the Germans.

He worked as a jeweller making rings and other tokens from the possessions or, according to other Jews, the teeth, fillings of those who died.

The encounter was startling. The two men relived events at Sobibor speaking in Portuguese, not their native tongue, in tones that were almost bawling as if they were supporters of different football teams, arguing their respective merits.

Gustav Wagner's arrest has again spotlighted Latin America as a haven for leaders and servants of Nazi Germany. The West German authorities have been urged to press for his extradition to face charges of participation in the Holocaust.

If the Federal Republic can not only in Brazil but also in Argentina and Paraguay maintains its present, furious pace, further developments can be expected.



Swiss Industries Fair Basel, from 10 a.m. to 8 p.m., admission SF 7.-, after 5 p.m. SF 5.-

## Inflation figures improve in U.S.

BY JUREK MARTIN

WASHINGTON, June 2.

THE PRICE of food rose much less sharply at the wholesale level in May compared with the preceding months, according to Government statistics released today.

At the same time, there was a slight increase in the unemployment rate for May to 6.1 per cent from 6.0 per cent in April. The job market continued to expand, with a further 500,000 added to the labour force.

The inflation statistics at least represent slightly more encouraging news than that reflected on the retail front earlier this week. The Producer Price Index for finished goods, successor to the old wholesale price index, rose by 0.7 per cent in the month, appreciably less than the 1.3 per cent increase that occurred in April. The consumer food index, which only went up by 0.5 per cent, well under April's 1.9 per cent advance and the smallest monthly rise so far this year.

The Administration has been hoping for a gradual decline in the food sector, though it still expects the consumer price index for May to be little, if any, better than April's 0.9 per cent increase.

However, in May, fresh fruit, vegetables, pig, sugar, and some individual commodities, such as lettuce, dropping sharply in price. Beef prices, a source of particular concern at present, continued to rise.

Non-food sectors continued to show substantial increases. The index for durable goods rose by 1.2 per cent in the month, while less than half the April advance, is a large rise by any standards. Overall, the non-food index increased by 0.8 per cent.

With inflation now the dominant economic concern, unemployment figures are attracting much less attention. The slight rise in the jobs rate in May is not entirely unexpected, since the decline in unemployment over the first part of this year has been much faster than the Administration had expected.

The Labour Department reported today that the rise in the labour force in May meant that it had now exceeded 100m for the first time.

There were few major changes in the principal demographic and social classes. The unemployment rate for adult males remained at 4.2 per cent, while that for adult women rose to 6.3 per cent from 5.8 per cent. There was another small fall in the overall rate of teenage unemployment, to 16.5 per cent from 16.8 per cent in the previous month, but more black teenagers (38.4 per cent) were out of work.

## Citibank raises prime rates

By David Lucifora

NEW YORK, June 2.

CITIBANK, New York's largest bank, finally fell in line with the recent rise in prime rates today by increasing its rate by 1 per cent to 8 1/2 per cent.

The move came exactly a week after other major U.S. banks increased their rate. Citibank uses its own formula to assess interest rates, and it claimed earlier that conditions "last week did not justify an increase then."

The whole banking community has now responded to the tighter credit conditions imposed by the Federal Reserve Board.

Mr. William Miller, the Fed Chairman, "conceded in a speech yesterday that the Fed's actions had pushed up short-term interest rates. But he claimed that long-term interest rates, which are more sensitive to inflationary pressures, had risen."

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## A Hotel of Stars

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# Scotch contest goes to Highland Queen

BY KENNETH GOODING

ONE OF the biggest contests in the UK Scotch whisky market has ended in victory for the publicly-quoted, but family-controlled Macdonald & Macdonald Group and its Highland Queen brand.

The prize was the right to replace Vat 69 as one of the favoured brands within the Bass Charrington group.

The group had dropped Vat 69, a Distillers' Company brand, as its price had risen by 50p a bottle, because of the company's problems with the Common Market Commission.

Most of Britain's Scotch whisky brand owners are believed to have fought for the contract to gain immediate access to the 10,000 or so outlets owned by the group.

Vat 69 has been selling more than 250,000 cases (of 12 bottles) a year with Bass Charrington's backing, and if Highland Queen can pick up a substantial part of these sales, it will give Macdonald & Macdonald a big boost.

However, there is no doubt that the deal was won by offering the group very favourable price terms.

Bass Charrington will continue to promote in its pubs the Grant's Standfast brand, distributed in the UK by a consortium company in which the group has a 30 per cent shareholding.

In the "free" (non-brewer-owned) trade, Highland Queen will be the one brand the group will promote in England and Wales.

Previously the brand has been handled by the wine and spirit subsidiary of H. P. Butner, better known for its ciders.

## Building societies add 388 branches

BY JOHN BRENNAN

BUILDING societies' expansion in the country's High Streets continued last year with an increase of 388 branches—a 9 per cent increase—bringing the total to 4,100.

In its annual survey of building society branch offices, surveyors Hillier Parker May and Rowden, the surveyors show that although the number of societies declined from 578 in 1966 to 394 in 1976, the number of branches has increased by 250 to 300 a year throughout the 1970s.

This has increased the polarisation between the top 18 societies, with 3,250 branches, and the several hundred smaller societies.

There are still some 250 societies with only one office.

The Abbey National, Leeds Permanent, and Woolwich Equitable societies led the branch expansion last year, opening networks of more than 30 new offices each.

The Abbey now leads the rest of the movement with 457 branches. The Halifax, which is the largest of the societies in terms of assets, now has 374 branches, 23 more than in 1976. The Nationwide has 329 branches, Leeds Permanent 264 and Woolwich 220.

Hillier Parker notes that the growth of societies' branches outpaces growth in any other area of the retail property market.

It believes that the expansion of branches may begin to slow as the movement nears an optimum national coverage of between 4,500 and 5,000 outlets.

The leading societies have a similar number of branches to the leading retail multiple groups, but they are still overshadowed by the main clearing banks each of which run branch networks of several thousand offices.

## Homes cash unspent by councils

Financial Times Reporter

WELSH local authorities under-spent their housing budgets for the second financial year running. Mr. Alec Jones, Parliamentary Under-Secretary for Wales, told a conference in Llandrindod Wells yesterday.

This is in spite of the fact that Wales has the worst housing stock of any region of the UK. Nearly one in five houses is still officially classified as unfit according to a Government survey.

Mr. Jones told the National Housing and Town Planning Conference that some £18m was under-spent in 1977-78 and there were indications of further under-spending in the current financial year. In 1978-79, Welsh local authorities also failed to spend £12m of their housing budget.

The Minister attributed the shortfall to local authorities learning to live with cash limits. It made matters very difficult for the Secretary of State for Wales in his arguments with the Treasury over the size of the housing budget for Wales.

## Japanese sponsor LSE project



THE London School of Economics yesterday received more than £2m from two Japanese companies, Suntory and Toyota, to set up an international research centre for economics and related subjects.

After accepting the formal trust deed signed by representatives of the two companies, Professor Ralf Dahrendorf, director of the LSE, described the occasion as opening "a new chapter in the history of the LSE."

The ceremony was attended by Mr. Tadako Kato, the Japanese Ambassador, Mr. Keizo Saiji, chairman and president of Suntory, the drinks company, and Dr. Shochiro Toyoda, vice-president of Toyota.

The centre, which is the brainchild of Professor Michio Morishima, professor of economics at the LSE, is to open this autumn and will undertake research into the Japanese economy and carry out comparative studies of Japan and the economies of other countries including the UK and EEC members.

Money for the centre has come officially through the Japan Foundation, the Japanese equivalent of the British Council, with equal contributions from the two companies.

Pictured above at the ceremony are (left to right): Sir Huw Wheldon, chairman of the Court of Governors of LSE, Dr. Toyoda, Mr. Saiji, and Professor Dahrendorf.

## Railway group favours Rodgers plan

BY PAUL TAYLOR, INDUSTRIAL STAFF

A ROLLING programme for large-scale electrification of British Rail's main lines is likely to be recommended by a British Rail and Transport Department working party.

The working party, under the joint chairmanship of Mr. David Bowick, a British Rail vice-chairman, and Mr. John Palmer, Under-Secretary for Railways in the Department of Transport, is due to hold its first formal meeting later this month.

It is understood from preliminary meetings that the working party favours some form of rolling programme for electrification, probably based on suggestions made by Mr. William Rodgers, Transport Secretary, in a discussion paper published last week.

He suggested that large-scale electrification could create jobs and save 700,000 tonnes of fuel oil a year while helping to ease Britain's present and future surplus of generating capacity.

international table for railway electrification with only 2,341 miles, or 21 per cent of route mileage electrified.

Electrification has taken place on a selective and piecemeal basis. Mr. Rodgers suggests a three-stage accumulating programme covering 17 years.

The first stage, called Situation A, would raise the electrified route mileage by 370 miles to about 2,700 miles with infrastructure capital costs of £200m. This would complete the Inter-City elements already included in British Rail's current long-term investment forecast.

The second stage, Situation B, would increase electrified track mileage to 4,100 miles at a cost of £550m and would electrify primary main routes.

Since three, Situation C, would increase electrified track by 2,970 miles to 5,300 miles at a cost of £520m, and result in the electrification of nearly all the remainder of Inter-City routes.

## Britain 'leads world' in research into energy from ocean waves

FINANCIAL TIMES REPORTER

BRITAIN IS "way ahead" in the research and development of systems for generating power from ocean waves, according to Mr. Clive Grove-Palmer, programme manager responsible for wave energy at the Government's energy technology support unit at Harwell.

The current official budget for research into these devices—£4.4m—was £68,000 when research began in 1974—is about £2.5m, or about a third of all the funds available for work on so-called renewable energy sources. They include solar systems, tidal barrages, wind machines, and organic energy conversion projects.

Most observers expect this budget to be significantly increased soon, reflecting sustained enthusiasm among senior energy officials and Government Ministers for the development of alternatives to nuclear and fossil fuel.

A few weeks ago Mr. Alex Eadie, Under-Secretary of State for Energy, said wave power was "not just a bohemian pipedream" when he attended the first annual trials of Sir Christopher Cockrell's energy raft, one of four devices, being investigated with financial support from the Department of Energy.

This week Mr. Stephen Salter showed at the University of Edinburgh a new and enlarged wave tank in a 1,000,000 laboratory specially designed to test the Salter "duck"—a system of oscillating vanes, regarded by some as the front runner for a dueling grid power.

The new tank can model three dimensional waves on a 1/50 scale, simulating the effects of a real sea on a straggly "duck" moored off-shore. These will convert the wave energy into hydraulic energy which will be used to drive Pelton wheel turbines.

Mr. Salter, who gave evidence at the Windscale inquiry in support of alternative energy possibilities, said he believed that, if priced correctly, wave devices could produce electricity at a cost of roughly £1,000 per kilowatt in four or five years. This is generally considered to be the break-even figure for any system in competition with the latest techniques in a number of languages, including Arabic for foreigners.

## UK fuel-saver may be made overseas

BY SUE CAMERON

A BRITISH invention, said to be capable of cutting motor fuel costs by 25 per cent is likely to be manufactured overseas because of the lack of interest shown in it by UK companies.

Dr. Alan Williams, a mechanical engineering researcher from Cardiff said yesterday he is negotiating manufacturing licensing rights for his petrol-saving device with a French concern.

The deal, which would give the French manufacturing rights for the whole of Europe including the UK, almost certainly would go through unless British concerns started taking a real interest in the device.

Dr. Williams and Mr. Ken Pleass, his step-brother, also a mechanical engineer, took out a provisional patent on their device—known as a carbon economiser—in 1977 and sub-contracted production of it began last week in Wales. Nearly 2,000 a week are being manufactured and 2,000 a month will be exported to Scandinavia.

Dr. Williams says that about 50 per cent of the petrol used in motor engines escapes down the "wall" of the carburettor and is lost. His economiser stops the petrol escaping, collects it, recaptures it and pushes it directly back into the induction manifold.

Tests of the device at the University of Wales have shown it can bring about a mean saving of 25 per cent of petrol.

Negotiations are under way to grant licensing rights for production of the economiser in Australia and South Africa.

U.S. companies have shown interest in it. Dr. Williams said reaction in Britain had been extremely slow.

"I would like to grant licensing rights to a UK organisation and have the economiser manufactured in Wales," he said.

"But all the people who have approached us in the UK have asked for more test—even though it has been tested by the University of Wales."

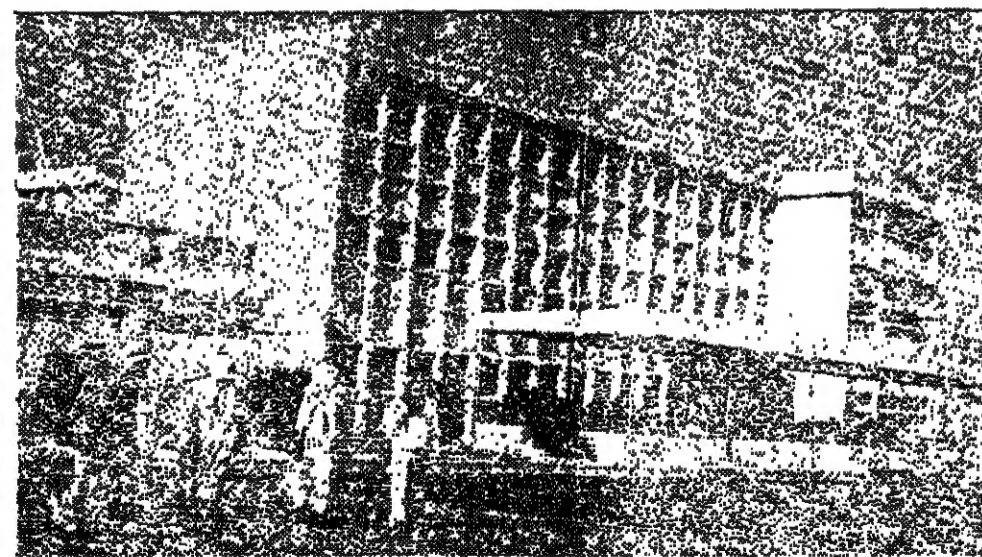
# Education - Pillar of Qatar's Progress



H.H. Sheikh Hamad bin Khalifa al-Thani distributes prizes during celebrations marking Education Day



H.H. the Emir Sheikh Khalifa bin Hamad al-Thani



Faculty of Education Building, University of Qatar

Education is one of the cornerstones of Qatar's far-sighted development policy. Per capita expenditure on education is among the highest in the world, with the 1978 Budget allocation being QR 485.1 million (£69.3 million).

All Qatari students are given grants and assistance by the State, while every inhabitant of the peninsula is entitled to free schooling without restriction by nationality, age, sex or ability. The statistics show some remarkable developments. In a country whose total population is just over 200,000, 33,888 are currently attending school, 16,316 of them girls, compared with the 1956 figure of 1,388, all boys.

Qatar participates in the Supreme Council for Higher Education, set up in April 1977 in Mecca by the Education Ministers of the Arab Gulf States. It is also associated with the Gulf Bureau of Education, based in Riyadh, and the new Gulf Educational Research Centre, which will operate from Kuwait. Curricula follow those laid down by the Cultural Agreement of the League of Arab States, with minor adaptations to the particular requirements of Qatar.

In general, teaching content is geared to the requirements of the country's development programme. Pure and agricultural sciences are taught from primary stage, and the new mathematics at intermediary and secondary stages. As well as general secondary schools, the Secondary Commercial School provides a three-year course for boys in office skills and routines, the Doha Technical School gives a wide range of technical training, and a number of teacher training institutes for boys and girls supply primary school teachers. Secondary school attendance increased from 911 in 1970/71 to 3,280 in 1976/77. School leavers who complete satisfactorily receive a General Secondary School Certificate or its technical equivalent.

Up till now, the country has been heavily dependent

on non-Qatari teachers, which is contrary to the State's policy of Qatarization. With this in mind, holders of the Primary Stage Teaching Diploma have had their basic salaries increased, and newly introduced three-year in-service courses enable them to upgrade their qualification to the Diploma of Qualified Teacher. The University runs evening courses for intermediary and secondary school teachers which last eighteen months, and qualify the participants for a General Diploma of Education, besides offering the possibility of further study abroad.

The first 117 graduates of the University of Qatar, 79 of them women, received their degrees last year, and 81 teachers were awarded diplomas. Enrolment in the academic year 1977/78 was 925, of whom nearly two-thirds were women. A self-contained campus is under construction at an estimated cost of QR 740 million (over £105 million). The State Library, with its magnificent collection of rare manuscripts and books, will eventually be relocated there.

The University is open to any Arab student whose father is resident in Qatar, and provides scholarships to Arab-speaking students from friendly countries as far afield as Ghana and Tanzania. Arabic is the medium of instruction, though the English Department provides courses for all faculties. The American credit-hour system is used.

In the academic year 1976/77 902 students were sent abroad on scholarships, compared with 209 in 1970/71. They are scattered over 15 countries in the Arab World, Asia, Europe and North America, with the majority in Egypt, Lebanon and the USA.

Adult education receives a great deal of emphasis, hardly surprising given the swift pace of development in Qatar in the last few years. Government employees can attend three-year evening courses leading to better jobs, and by mid-1977 over 2,000 attended. A number of specialized

institutions exist: the Regional Training Centre, set up with the help of the ILO in 1970, whose courses now conform with the London Institute's City and Guilds; the Ministry of Education's Training and Career Development Department, which trains Qatari civil servants for up-grading and to replace expatriates; the Management Institute, providing a two-year in-service course for Qatari employees in administrative posts; and the Foreign Language Institute, providing free tuition with the latest techniques in a number of languages, including Arabic for foreigners.

In 1977 over 2,000 women enrolled in the newly established adult literacy courses inaugurated at purpose-built centres. 720 men were already attending similar courses.

A number of private schools also exist, catering mainly for the children of expatriates.

Qatar provides its youth with a highly advanced educational system in schools built to the latest international specifications and housing the most modern equipment and teaching aids. The ratio of pupils to teachers is 23:1, on a par with the most advanced nations. Enormous strides have been made in the last few years. The importance attached to education was again emphasized earlier this year by His Highness the Heir Apparent and Defence Minister Sheikh Hamad bin Khalifa al-Thani on the 17th anniversary of the National Day of Education, and its role is clearly stated in the State's provisional Constitution, which calls for 'the promotion and guarantee of education as a means to expand culture and as the pillar of progress and the well-being of society'.

For further details contact: Press and Publications Department, Ministry of Information, P.O. Box 5147, Doha, Qatar. Telephone: 321540/4 (5 lines) Telex: 4552 QPRESS DH



## HOME NEWS

## Redpath goes into offshore design market

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH STEEL Corporation's Redpath Dorman Long has set up a new company with French and U.S. associates to enter the offshore design market.

Mr. David Waterstone, Redpath's chairman, said yesterday that the new company, Redpath Offshore Design Associates, was already bidding for a major design and fabrication contract for the Enchova Field production platform in Brazil.

If the bid were successful, the platform could be built at Redpath's metal yard in Pife, Scotland—worth millions of pounds.

Redpath Dorman Long's partners in the new venture are the offshore designers Lowell Johnston and Associates of Tulsa, Oklahoma—responsible for design of the Brent A and Auk production platforms in the North Sea—and Technip-Geon of Paris, the field development offshoot of the French Institute of Petroleum.

Redpath Offshore marks a further development in the widening interests of Redpath Dorman Long. In April the company joined the Dutch De Groot undertaking to operate the Methil yard under the name Redpath De Groot Caledonian.

## Whitehall spending rose at year-end

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PUBLIC SECTOR borrowing figures for the first three months of this year tentatively confirm evidence of a pick-up in Government expenditure towards the end of the 1977-78 financial year.

The rise in spending does not appear to have been any greater than expected: yesterday's Central Statistical Office figures show the public sector borrowing requirement for 1977-78 to have been £5,580m, or £133m less than the provisional estimate made in the Budget report.

The small difference apparently is explained by an adjustment to National Savings interest payments.

The figures highlight the rise in public sector borrowing during 1977-78. The total for the January-to-March quarter of £1,970m, on a seasonally adjusted financial year basis, was £870m higher than in the previous three months.

The Central Statistical Office suggests that there may have been some erratic movements in recent quarters, notably on local authority borrowing.

PUBLIC SECTOR BORROWING REQUIREMENT		£m
1975-76		10,583
1976-77		8,587
1977-78		5,576
1977-78 1st		1,571
2nd		926
3rd		1,105
4th		1,974
Seasonally adjusted, constrained to financial year totals		
Source:	Central Statistical Office	

The figures do not provide clear evidence of what has been happening to local authority borrowing, which rose from £720m in the first half of 1977-78 to £740m in the second six months. This masked a reduction in borrowing from central Government by councils and increased lending by them from the money market in anticipation of a rise in interest rates.

## Electric vehicle studies may be funded by EEC

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

STRONG INDICATIONS that the EEC will be prepared to fund development work on electric vehicles have been given to the newly-established European Electric Vehicle Association.

Mr. John Woods, chairman of the UK's Electric Vehicle Association, which has been the main force in establishing the European organisation, said yesterday that the Commission would probably back suitable research projects for companies or groups of companies.

The Commission has already had a significant role in helping to establish the European manufacturers' association, partly because the organisation of the industry is rudimentary outside the UK.

The Commission's backing, which is being given through the industry department under Viscount Elton, would also help the European producers to face up to the competitive challenge coming from other parts of the world.

Investment in electric vehicle production has received much more central government support in both Japan and the U.S. than in Europe, and motor companies in these two countries are also putting more funds into this area than their European counterparts.

## TANZANIA'S EXPULSION OF LONRHO

## 'Tiny' Rowland faces an African storm

BY MARGARET REID

TANZANIA'S DECISION to expel Lonrho is just the latest in the series of storms which have blown up around this British-based conglomerate, headed by the flamboyant Mr. 'Tiny' Rowland, in its recent turbulent history.

Lately, the spotlight has tended to be more on the British activities of Lonrho, with such developments as its bid, now under scrutiny by the Monopolies Commission, for Scottish and Universal Investments, the whisky and newspapers concern.

Lonrho has also been grappling with trading problems, which have led it to issue redundancy notices to several hundred workers, at some of the textile businesses it acquired when it took over Brentford Nylon for £9.8m in 1976 with Government loan of £4.9m.

But the Tanzanian move again focuses attention on the interests of Lonrho in Africa, where the company's traditional business is and where its links with Rhodesia were the subject of critical comments, in 1976, in the Department of Trade Inspectors' report. That report is extensively referred to in yesterday's Tanzanian statement.

Only three weeks ago, British Fraud Squad officers asked Lonrho to release certain documents relating to matters involving alleged sanctions busting.

The Tanzanian action is the second setback the company has suffered in the past couple of years in Africa, where Mr. Rowland has long reputedly been close to a number of black leaders.

In May last year, the group was dropped as manager of the oil pipeline project in the Sudan, which it had pioneered, against a background of soaring costs and financing problems.

More Home News, on Page 22

## Tory attack planned on Wales Bill

By Robin Reeves, Welsh Correspondent

A key element in the Government's Welsh devolution plans—the re-organisation of Welsh local government by the proposed Cardiff assembly—is virtually certain to be deleted from the Wales Bill in the Lords.

Lord Elton, Conservative spokesman on Welsh affairs, said in Cardiff yesterday.

He repeated the pledge of Mr. Francis Pym, chief Opposition spokesman on devolution, that given success in an autumn general election, a Conservative Government would scrap the Welsh devolution plans, would still hold the proposed referendum—provided the Wales Bill was on the statute book.

Lord Elton said while there might be a case for a review of local government, the widespread Conservative feeling was that the proposed Welsh assembly, which he saw as a "large local authority," was not the right body to do it.

The Cardiff body would be "hydrocephalic," having drawn as much power as possible from Westminster, it would aim to gain further power at the expense of existing local government. The task ought to be carried out by a "national" review body, which would consider the implications for the Welsh assembly of the job "with its back to Offa's Dyke."

## Swiss in talks on tax rules

DISCUSSIONS have been held between officials of the UK and Swiss governments about a new double-taxation convention.

The convention will cover the estates of deceased persons, inheritances and gifts to replace the death duties convention, signed in 1956. Further discussions will take place in Switzerland.

## Beware of Labour's silver lining—Howe

BY PHILIP RAWSTORNE

SIR GEOFFREY HOWE, Conservative Shadow Chancellor, has tonight warned the country not to be lulled by the Labour Government's economic "silver lining."

Twelve months from now, prices would be rising again, the economy near stagnation and the fall in unemployment ended, he said at a Tory meeting in Kirtlington, Oxford.

"The fundamental problems remain to be tackled. Nothing in Labour's record suggests that they have begun to understand what needs to be done."

A Labour Government with a majority would only make things a great deal worse.

"For a vote for Mr. Callaghan is a vote for Mr. Benn; for more nationalisation and for less enterprise, for more equality and for less opportunity."

"A vote for Labour is a vote for an increasingly seedy society, for an increasingly sick economy."

The British people should not be lulled into torpor by Labour's brief pre-election boom.

A Conservative Government could work with the trade unions, Sir Geoffrey said. But it would have to question some of their attitudes.

It would have to go on urging

## £83m board mill scheme opens

AN £83m EXPANSION project which will triple the capacity of Thames Board Mills Duplex Mill at Worthington, Cumbria, was inaugurated yesterday by Mr. Eric Varley, Secretary of State for Industry.

Mr. Varley said he regarded the project as a new investment in the north-west of England, but also in national terms. It was the biggest industrial investment project in the board industry.

Just as important was the fact that the Government was prepared to contribute up to £28m in regional development grants and selective financial aid.

He said the mill would provide 250 jobs directly and 350 more in forestry and transport, plus others in civil engineering and machinery manufacture.

It produced 100,000 tonnes of board in 1976, rising to 150,000 tonnes in 1978, said Mr. Varley. It was a year on the balance of payments.

## Oxford Fellow to settle Post Office hours claim

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT has called in a leading industrial relations observer to settle a dispute over a claim for a 35-hour working week by Post Office engineers.

Lord McCarthy, a fellow of Nuffield College, Oxford, has been asked by Mr. Eric Varley, Industry Secretary, to conduct a special review of the dispute after the breakdown of negotiations.

In one passage the inspector said: "We do not accept the company's submission that 'Lonrho has not been able to control the Rhodesian operation.' It appears to us from the evidence... that the directors in London have exercised a measure of control over Lonrho's copper mining activities in Rhodesia."

We accept, however, that there is nothing in the sanctions legislation which requires Lonrho to divest itself of its Rhodesian assets.

At another point, the inspectors report stated: "On the basis of the evidence available to us it is our opinion that Mr. Rowland was at the times indicated more closely involved in matters relating to the financing and in consequence the development of the Inyati and Shamrock copper mines in Rhodesia than was consistent with the terms of UK sanctions legislation."

Statements by Lonrho afterwards strenuously contested the findings in the report, which are now referred to in the Tanzanian statement.

In the concluding sentence, the inspectors said: "We believe that Mr. Rowland has a great deal to offer Lonrho and its shareholders but his achievements will be all the greater if he will allow his enthusiasms to operate within the ordinary processes of company management."

Industrial action since last October after a conference decision of the Post Office Engineering Union has meant that 65,000 people are waiting for telephone connections in the country, 3,000 of them in London. Equipment worth £7m is lying idle and installation of another £40m-£50m worth of equipment has been delayed.

The Government's announcement yesterday comes on the eve of the union's conference in Blackpool which on Tuesday is due to debate the campaign for a shorter week.

The issue is separate from wage talks and the union has been offered a stage three deal within the 10 per cent guidelines for July 1. Mr. Varley is due to address the conference tomorrow.

It also comes at a time when unions are backing demands for a cut in the 40-hour standard week for manual workers as a way of creating jobs. The Government is aware that any concession to Post Office engineers could be pursued quickly by other public sector employees.

## Firemen's 42-hour week talks adjourned

By Nick Garnett

NEGOTIATIONS BETWEEN employers and fire service union on a shorter working week were adjourned last night with both sides still a long way apart. The talks will be resumed next Friday.

Local authorities, however, are being advised to start recruitment levels needed for the introduction of a 42-hour week rather than the existing 48-hour week.

Mr. Brian Rushbridge, secretary of the employers' side, said after the talks that this was done as a sign of "good intent. We are embarked on a course that will lead us to an agreement."

The employers are still insisting on a three-shift system rather than the existing two which the Fire Brigades Union has maintained must be kept.

There are also disagreements on fire cover planning including manning standards, use of appliances, holiday and duty cover.

Mr. Terry Parry, the union's general secretary, said the two sides were still a long way apart.

The employers have watered down their proposals on non-fire fighting duties which they say must be increased to make more cost-effective use of firemen's time.

## NALGO leader denies 'sellout'

BY PAULINE CLARK, LABOUR STAFF

MR. GEOFFREY DRAIN, one of the top six TUC negotiators, denied yesterday that any "sell out" was contemplated in recent talks with Ministers about what should follow Phase Three of the current pay policy.

He said this speculation was "wholly false" and misleading.

Mr. Drain, general secretary of the National and Local Government Officers' Association, was leading off a militant motion at the union's special town hall workers' pay conference in London. Scottish delegates had urged an outright confrontation with the Government in current pay negotiations.

Delegates, rejected by a hefty card vote majority (350,594 votes to 187,711) the motion to ignore the Government's 10 per cent pay guidelines in current wage negotiations.

About 445,000 town hall workers are due for settlement on July 1. Their acceptance to the Phase Three guidelines is seen as a crucial last hurdle for the Government in the current wage round.

The Glasgow District Branch submitted the motion which referred in joint trade union and Government proposals to impose permanent control on wage bargaining in the public sector. Mr. Drain said that it was "great bogey" had been reared on a flimsy basis.

It had to be recognised that the Government would take a view on pay prospects and as an economic regulator.

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## Hospital electricians to meet Ennals on pay

BY PAULINE CLARK

UNION LEADERS representing about 8,000 hospital electricians are to meet Mr. David Ennals, Secretary of State for Health Services, next week in an effort to prevent a strike over a pay claim.

The Electrical and Plumbing Trades Union gained backing for the industrial action over a six-month overdue claim for parity with the electrical contractors at a special national conference in London yesterday.

Although the Government has claimed as "discriminatory" and rejected the claim as being "unfair."

He said this speculation was "wholly false" and misleading.

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## Bank dispute continues

WORKERS IN a dispute at the Bank of England's printing works in Loughton, Essex, will not decide until Tuesday whether to call off industrial action which has stopped distribution of notes for two weeks.

The workers, members of the Society of Graphical and Allied Trades, held a mass meeting yesterday. They expect management to talk to the non-union workers Bank of England's printing works in Loughton, Essex, will not decide until Tuesday whether to call off industrial action which has stopped distribution of notes for two weeks.

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## Brewery bonus restored

By Philip Bassett, Labour Staff

ALLIED BREWERIES will resume productivity bonuses of £6.50 a week for 1,100 workers at the Ansell's brewery in Aston Cross, Birmingham, from Monday. An agreement was reached yesterday with the Transport and General Workers' Union.

The payments were stopped last month when the workers said there had been no real improvement in productivity to justify the money. About £200,000 was paid in arrears between September and the end of the stoppage.

## Mersey urged to boost image

BY RHYS DAVID, NORTHERN CORRESPONDENT

A MERSEYSIDE charter for industrial relations aimed at improving the area's reputation with potential investors is one of a series of recommendations in a report by consultants for the Department of Industry.

The study was commissioned last year to look into the chronic unemployment problems of Merseyside. It concludes that the area can be regenerated, but that the effort will have to come very largely from within.

It urges a new specific approach to attracting industry to the area, aimed at trying to isolate individual products and companies that might do well.

The alternative approach—waiting for inquiries and then following them up—is both expensive and highly competitive, the report notes.

Liverpool, with its above-average dependence on service industry, could be greatly helped if aid to this sector were extended as generously as to manufacturing industry.

As far as Merseyside's image is concerned, the report by P. A. Management Consultants says the area's reputation for poor industrial relations is now firmly established whether true or not.

Industrialists are also wary of alleged absenteeism, lateness, low productivity, deliberate over-manning, demarcation and lack of flexibility.

The Merseyside industrial relations charter—possibly drawing in locally the CBI and the TUC—would in part aim to express the joint determination of unions and management to stop any such abuses and to work within agreed procedures to deal with problems.

Eighteen months ago Department of Employment figures put Merseyside at the top of a league table of areas with the most strike-prone area of the country.

The figures showed the number of working days lost in different parts of the country. Even an adjustment for the size of the industries like the docks, mining, the motor industry and shipbuilding in some areas, Merseyside still had two and a half times the national average of days lost.

The report remains a major part of the Merseyside economy and though never likely to recover its former importance, it is a large-scale modernisation, says the report.

A continuing decline in oil and non-oil trade is forecast as the labour force, too, is expected to fall by 5 per cent by 1985.

An early start on modernising facilities to produce a smaller, more efficient port operation is urged. This would "boost employment" and help "re-establish the balance of shipping."

## Success behind a smoke screen

BY RICHARD LAMBERT AND ANDREW TAYLOR

THE NEWS that Rothmans International is poised to acquire for cash a substantial holding in a sister company, Rothmans of Pall Mall Canada, means a rare appearance in the headlines for one of the world's most powerful and secretive industrialists—Dr. Anton Rupert, who heads the multinational Rembrandt Group of South Africa.

Dr. Rupert organised the formation of Rothmans International in 1972, when his substantial European tobacco businesses were joined together around Carreras of the UK.

His interests now control 50 per cent of the votes in Rothmans International, a group which in the year just ended could have earned profits of about £75m before tax.

In addition, Rupert interests also include almost 86 per cent of the Canadian Rothmans, which earned £24.5m after tax in the year just ended.

Rothmans is Canada's second biggest tobacco business—behind B&W—and it also has a 50 per cent stake in Carling O'Keefe with breweries in Canada and Ireland, together with investments in wine production and oil and gas operations.

Dr. Rupert claims that the Rembrandt Group is the fourth largest cigarette manufacturer in the world, but he is more than a tobacco baron.

Rembrandt is also among the world's ten largest brewery and distillers, has major Afrikaner mining interests, and last year he began a 20 per cent stake in Volkskas, South Africa's third largest bank. Rupert interests also have a significant holding in the large US conglomerate, Liggett and Myers.

The most successful Afrikaner businessman was trained as a chemist at the University of Pretoria and after five years as a lecturer began his business career in the early 1940s when he began a small pipe tobacco business in Johannesburg. Links with Rothmans started in 1948 when he won a concession to manufacture several of Rothmans' cigarette brands.

Published information from Rembrandt gives few clues as to how the group has progressed from this modest base to its present size. The most recent report and accounts just 16 pages long, shows profits before

tax of R97.5m (£62m) and previous little else. The UK and mention at all of Rothmans in the document, or of any other subsidiary. Unlike Anglo American, under section 310 of the South African Companies Law, does not give any details of its foreign interests.

In spite of this, Rothmans International is one of the most important parts of the Rupert empire, and an extremely successful company.

Its profits took a dive in 1975 and there have been occasions when its high balance sheet was brought about by the way the company was put together in 1972—have been a source of concern to the stock market.

In the last few years, however, profits have moved ahead impressively, and Rothmans has been one of the major beneficiaries of EEC-led changes in UK tobacco tax.

These changes have given a big boost to the price competitiveness of king-sized cigarettes compared with the smaller brands. During the transition from an EEC-style tax structure,

Rothmans market share in the UK has jumped from around 6 per cent to well over 10 per cent.

But like virtually all the major tobacco companies round the world, the group has been taking for years about the need to diversify away from tobacco.

It has been slower to make this step than other tobacco majors, like Imperial Group or BAT, and in the event what prospect to be a substantial acquisition in Canada is not going to change its product profile all that dramatically.

Last year, tobacco interests accounted for over half of Rothmans of Pall Mall Canada's pre-tax profits with the liquor business providing the bulk of the remainder.

In addition the Canadian group has a patchy financial record with erratic swings in profits in recent years. One of the big problems has been in brewing in the U.S.

The company has now extricated itself from the troublesome Carling National Breweries by selling its interest to—guess who—another Rupert company.

In a series of preliminary announcements of the latest bid discussions, Rothmans said that

"The Canadian tobacco interests would be a logical extension to the business of the Rothmans International Group and operational advantages are envisaged."

The interests in beer, wine, oil and gas would represent for Rothmans International and the Rothmans kind size. It will be financed by a measure of beneficial diversification.

If successful, the bid will provide a major extension of Rothmans' international tobacco interests into North America with the Canadian Rothmans manufacturing such brands as Craven, A. J. Peter Syntes and the Rothmans kind size. It will also turn Rothmans into the undisputed flagship of Dr. Rupert's tobacco empire.

However, it is clear that discussions are still at a relatively early stage and it could be several months before they are completed. The banks advising Rothmans in the deal, Rothschild and Orion, are going to have to come up with a formula which not only satisfies the Rupert interests but also those of the substantial public shareholdings in the company.



## THE WEEK IN THE MARKETS

## Gilts drift down

DEALERS drifted back with reluctance to the Stock Market on Tuesday after the sun-soaked holiday week-end, and by yesterday they must have been wondering whether their diligence has been at a very low level, and the 30-Share Index has drifted off by just under a point over the four trading days. The gilt-edged pitches continue to be much more gloom, moreover, and the Government Securities Index has hit new 1978 lows on three days out of four. The politicians, at least, have been taking a week off, and the City continues to fear a long, hot and uncomfortable summer while the Government plots its election strategy and ignores financial disciplines.

LONDON  
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## BP unimpressive

British Petroleum's first quarter net income of £80.6m compared with £144.8m failed to impress the market which had pushed the price 11p higher to 890p just prior to the release of the results. But the price crumbled immediately profits were announced and closed on Thursday at 878p—a gain of only 2p on the day. The price continued to weaken on Friday and it closed at 868p. The first quarter figure of £80.6m was at the lower end of a range of estimates by leading city analysts. The principal differences arose because of difficulties in establishing an underlying profits trend; BP's accounting systems are extremely complex. Also, there had been some over-estimation of the contribution from the North Sea and problems in anticipating the movement in sterling and the impact value changes have on results.

## Reed's problems

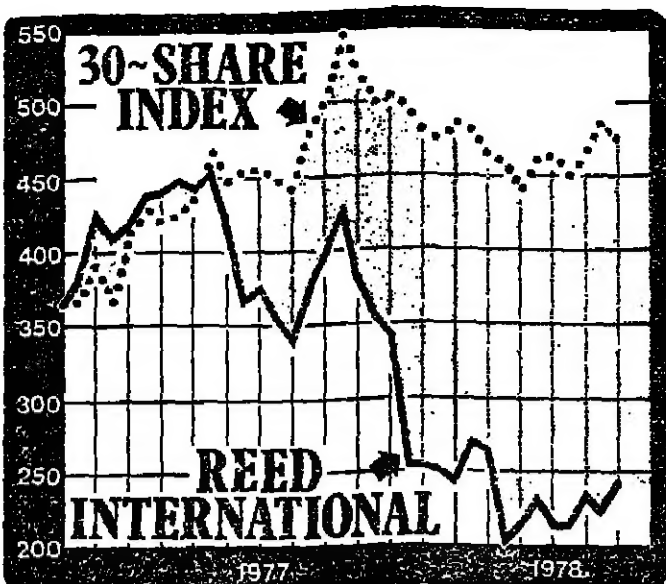
Shareholders in Reed International could draw some comfort from the preliminary results announced on Thursday. Although the evidence of the underlying profits trend; BP's accounting systems are extremely complex. Also, there had been some over-estimation of the contribution from the North Sea and problems in anticipating the movement in sterling and the impact value changes have on results.

after initial enthusiasm had pushed the price at one time to around 130p.

The management was clearly out to convey that Reed's large problems were in hand and it bolstered this impression by stating that the reduced dividend of 8p for 1977-78 (against 13p last time) would be repeated for the current year. The chairman added that the pruning and re-organisation of Reed's Canadian interests—measures which cost the company £20m last year—were taking effect and that this area was now moving steadily back towards profit. Reed's main problem remains debt—an unfortunate quantity of it in strong currencies.

## Swan Hunter

Swan Hunter this week revealed that its shareholders are going to have to wait for the cash distribution it promised in its last annual report. The group is apparently planning to put its parent company into voluntary liquidation followed by a distribution to shareholders of some of the cash currently in the balance sheet plus the compensation due from the nationalisation of its shipbuilding interests last year. Shareholders would then get a distribution of shares in the continuing business interests. The group which announced its interim results this week is now saying that these plans will have to be postponed. Swan Hunter and its financial advisers Samuel Montagu and S. G. Warburton said: "That it would not be appropriate or opportune to proceed with the reconstruction until the problems of the UK ship repairing business have been resolved."



It could be several months at least before shareholders will be given full details of how much cash will be taken out of the business for distribution but it is thought that funds approaching £20m—or around 100p a share—currently available for distribution even before taking into account the compensation due.

## Northern's shares

The possibility of a large placing of Northern Foods' shares became clear when the group published its interim results this week. It appears that the Samworth family, which will be entitled to a total of 5m Northern shares on completion of the Pork Farms takeover, will probably only be holding on to around 3m. According to Mr. David Samworth, chairman of Pork Farms, the decision whether to accept NF's cash alternative instead of the 5m shares will depend entirely on how the Northern shares move over the next few weeks. Assuming something like a 7 per cent placing discount, this would mean that the

Northern shares will have to reach around 85p for a placing to be on. Otherwise the cash alternative would be the more attractive offer. Northern's shares closed the week 2p better at 91p.

## Building results

This week's news from Marley and UBM, respectively the country's largest makers of concrete roofing tiles and the second largest firm of builders' merchants, was not particularly encouraging. The upturn in the building industry is in sight but it is taking longer than anticipated to materialise. Of the two, UBM has been especially hard hit by the prolonged building recession. It reckons that volume has dropped back by 40 per cent since the boom days of the early 1970s. Though it is noticing a substantial improvement in the first three months of its current year, it is cautious about drawing conclusions about the full year. At least Marley is finding that its traditional roofing tile business is doing better. But its expansion into plastic extrusion which depends on the home improvement and the do-it-yourself market has not responded as well as had been hoped and whereas Marley had been expecting that housing starts in calendar 1978 would rise from last year's depressed 267,000 to close to 300,000, it is no longer so confident. Both Marley and UBM will benefit substantially when the upturn comes.

## In an optimistic mood whatever the figures

A THREE-DAY holiday week-end appears to have been just what the New York Stock Exchange needed to shake off some of the worries which weighed down the market last week.

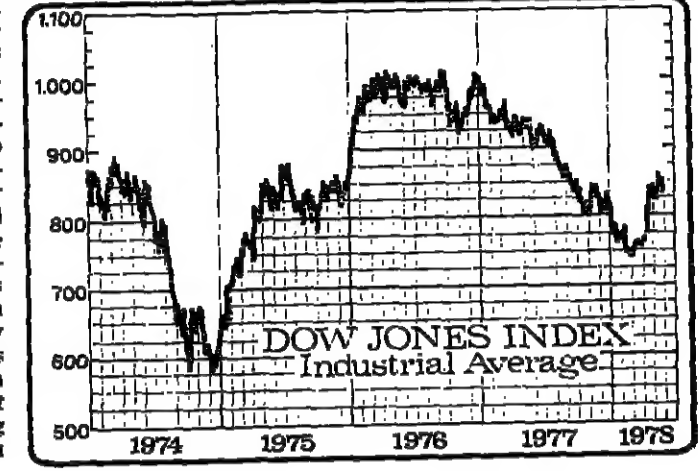
Trading volume, averaging 26m-27m shares a day, has been substantially lighter than late but the general tone of optimism about stocks remains and was not the slightest bit shaken by the publication on Wednesday of April's consumer

Though stocks will not plummet neither are they yet ready to make another substantial leap, says Goldman Sachs. This is because there are still too many uncertainties about the timing and extent of the next downturn in the business cycle, the base rate of inflation is too high. Government tax policy of deterring equity ownership and the value of the dollar is too difficult to compute.

Goldman, as this column noted last week, is recommending institutional clients to cut back the equity holdings by 5 per cent and in common with many other brokerage houses is stressing that this is a market for stocks which means a market for the right price rather than any price for the right stock. Industry groups now being most commonly recommended include beverages, broadcasting and newspapers, drugs and hospital supplies, office equipment, retail trade, savings and loans, tobacco and airlines.

Much credit for the market rally which began on April 12 has been given to foreign buyers of U.S. stocks and the first preliminary report on the extent of foreign purchases has been produced by the Securities Industry Association. SIA

	Close	Change
Monday	834.20	+2.51
Tuesday	840.61	+6.41
Wednesday	840.70	+0.09
Thursday	847.54	+6.84



## MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1978	1978
	Y'day	on	High	Low
Ind. Ord. Index	475.5	-0.6	477.3	433.4
Exchequer 9 1/2% '82 A	92 1/2	-1/8	94 1/2	92 1/2
Allied Colloids	80	+7	90	61
Capper-Neill	76	+6	76	53
Comerco	45	+8	66	45
East Drie	74 1/2	+40	76 1/2	59
Fluidrive Eng's	77	+25	82	52
Home Charm	175	+17	175	160
Investment Trust Corp.	246	+38	246	174
Lough Intereests	171	+14	186	134
Melody Mills	90	+10	91	68
Newey	62	+9	62	40
Northern Mining	112	-20	153	9
Nova (Jersey)	50	+10	50	24
Ocean Wilsons	103	+9	107	68
Pentos	89	+7	89	69
Property Partnerships	120	+30	122	64
Stebens (UK)	380	-57	444	226
Whiteley (B. S. & W.)	36	-4	46	36
Wigfall (H.)	213	+20	276	144

## U.K. INDICES

	Average	June	May	May
	week to	2	26	19
FINANCIAL TIMES				
Govt. Secs.	69.83	70.31	71.03	
Fixed Interest	71.64	71.95	72.30	
Indust. Ord.	476.2	473.4	479.7	
Gold Mines	154.4	153.9	151.1	
Dealings mtd.	4,686	4,979	5,516	

## FT ACTUARIES

	Capital Gds.	214.03	211.90	273.84
Consumer				
(Durable)	195.84	193.79	197.10	
Cons. (Non-Durable)	202.80	201.31	204.93	
Ind. Group	211.25	209.39	211.39	
500-Share	234.81	233.11	235.16	
Financial Gp.	164.47	164.79	168.04	
All-Share	216.13	214.87	217.34	
Red. Debs.	57.32	57.40	57.80	

## UNITED STATES GROWTH FUND

Since mid-April share prices on Wall Street have staged a sharp recovery. Whether this upturn in the market represents a brief rally only, or whether it heralds the beginning of a sustained bull market is difficult to determine at this time. Even so, it is our firm belief that the market is now towards the lower end of its present cycle and that, even if the consolidation seen in recent days continues, the scope for capital gains is substantial in the medium term.

Although there are still a number of major problems within the U.S. economy, these have been largely discounted in the present level of share prices, and many shares are still selling at comparatively low levels in relation to companies' underlying assets and earnings. We therefore believe that Wall Street continues to be in a position to record an impressive performance. Furthermore, we believe that Save & Prosper United States Growth Fund with its portfolio carefully selected from the growing areas of American industry is a particularly attractive way to invest in the U.S. market.

## United States Growth Fund

U.S. Growth Fund was launched in 1964 and is now valued at over £33 million. By investing in the fund you can obtain a far wider spread of investment than you could readily obtain on your own behalf, as well as benefiting from Save & Prosper's long experience of the U.S. market and currency management.

## Past performance

Since the launch, the fund's offer price has increased by 114%. This compares with a

rise of 25% in the Standard & Poors Composite Index (151% when adjusted for exchange rates and investment currency fluctuations). As can be seen from these figures, changes in exchange rates and in the investment currency premium can affect the value of your investment as much as stock market fluctuations. An investment in this fund should be regarded as a long-term one. Remember the price of units and the income from them can go down as well as up.

## About Save &amp; Prosper

Save & Prosper Group was founded in 1934 and in addition to being Britain's largest unit trust group is a major force in the life assurance, pensions and annuities field. At 1st January 1978 the Group managed £675 million on behalf of more than 700,000 investors.

## How to invest

To make a lump-sum purchase, please complete and return the coupon below together with your cheque. You will be allocated units to the full value of your remittance at the offer price ruling on receipt of your application. The minimum initial investment is £250. On 1st June 1978 the offer price of units was 80.4p giving an estimated gross yield of £0.85% p.a. If you require any further information on the fund, we suggest you consult your professional adviser, or contact our Customer Services Department at the address given in the coupon below.

Advisers requiring further details should contact Save & Prosper Services on 01-831 7601.

## GENERAL INFORMATION

Trusts also. The aim is to provide a portfolio invested in the shares of U.S. companies. Income is not a consideration in managing the fund.

Units are easy to buy. Units may normally be bought and sold on any working day. However, in exceptional circumstances the Managers reserve the right to suspend price quotations pending their revaluation.

And so sell. The Managers will normally buy back units from registered holders, free of commission, at not less than the price calculated on the day your instructions are received, in accordance with a formula approved by the Department of Trade. They may also be sold back through an authorised agent who is entitled to charge commission. Payment is normally made within seven days of our receiving your instructions.

Chargeable. The offer price currently includes an initial service charge not exceeding 5%, and a revaluation adjustment not exceeding the lower of 1% or 1.35%. Out of this, commission of 1% (plus VAT where applicable) will be paid to banks, stockbrokers, solicitors, accountants and qualified insurance brokers on applications bearing their stamp. In addition, a halfpenny charge out of which stamp duty and Trustees' fees are met, is deducted from the trust's assets. This charge is currently 18.75p per £100 on which 9% VAT is payable making a total deduction of 20.625p per £100.

Income. Distributions of net income are made on 1st April each year. These can be reinvested in further units if you wish.

Managers. Save & Prosper Securities Limited is a member of the Unit Trust Association, 4 Great St. Helens, London EC2P 3EP.

## Application for a lump-sum purchase of US GROWTH FUND UNITS

Save & Prosper Securities Limited, 4 Great St. Helens, London EC2P 3EP. Tel.: 01-831 7601. Registered in England No. 706725. Registered office as above.

To purchase units please complete and return this form, either directly or through your bank, stockbroker, solicitor, accountant or qualified insurance broker, together with your remittance. We will acknowledge receipt of your application and remittance and will normally despatch a certificate for the units within 14 days. Certificates should be sent payable to 'Save & Prosper Securities Limited'. This offer is not available to residents of the Republic of Ireland. (Please amount of remittance)

Please issue to me United States Growth Fund units to the value of £ [ ] calculated at the offer price ruling on receipt of this application. (Minimum initial purchase £250, £50 for subsequent purchases.) A remittance is enclosed.

My/Ms/Ms/Ms Full Name(s) [ ] Agent's Stamp

Address [ ]

I declare that I am over 18 and am not resident outside the UK or other Scheduled Territories and that I am not acquiring the above units as the nominee of any person resident outside these territories. (If you are unable to make this declaration I should be deleted and the form lodged through your UK bank, stockbroker or solicitor.)

Signature [ ] Date [ ]

Existing United States Growth Fund unitholders please tick here: [ ]

If you would like distributions of income to be reinvested in further units please tick here: [ ]

If you would like the details of the Share Exchange Plan please tick here: [ ]

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SAVE & PROSPER GROUP

## Schroder Overseas Fund

WHY AN OVERSEAS FUND? To enable UK investors to share in the growth of major overseas economies—such as the United States of America, Germany and Japan—economies which have provided themselves capable of sustained growth in the past.

WHY IS NOW A GOOD TIME TO INVEST? We believe there is considerable scope and potential for capital growth through investment in shares of leading companies throughout the world. In many cases, equity prices do not fully reflect the underlying strength of their respective economies.

WHY THE SCHRODER OVERSEAS FUND? The Schroder Overseas Fund will be managed by J. Henry Schroder Wagg & Co. Limited, one of Britain's biggest, longest established and most international merchant banks, with origins dating back to 1804.

Schroder Wagg's investment experience, both at home and overseas, has been built up over many years and is reinforced by a strong network of international connections. Schroder Wagg's investment experts use world-wide communications systems, backed by large research departments, to help choose the best investment opportunities throughout the world.

Schroder Wagg is a subsidiary of Schroders Limited, the holding company of the Schroder Group and a public company whose shares are listed on the London Stock Exchange. The Schroder Group is an international organisation with interests covering a wide range of financial services in some 18 different countries, including the United States of America, Germany, Japan, Hong Kong, Switzerland, Australia and Canada. Schroders are retained as financial advisers by many international commercial and industrial organisations and pension funds. The investment funds managed by the companies in the Schroder Group are in excess of £2,000,000,000.

INVESTMENT OBJECTIVE AND POLICY. The Fund Managers' investment policy is for the Schroder Overseas Fund to be invested throughout the world, with the emphasis being placed on the achievement of long-term capital growth. However, when considered to be appropriate, the Fund Managers will be prepared to place all or part of the assets of the Fund on deposit, in order to seek to protect the capital value of the Fund.

The Fund may invest in any overseas equity market—either directly or indirectly through appropriate investment vehicles managed by overseas associates of the Fund Managers. With these wide powers of investment, the Fund Managers can use their experience and knowledge of overseas equity markets to best advantage. No-one can guarantee the performance of a Fund of this type. The price of units can go down as well as up, and an investment of this nature should be regarded as a medium to long-term investment. However, Schroders are unusually well-equipped to make the most of any investment situation.

Initially, the Fund Managers intend to invest up to 75% of the Fund in United States markets—where are currently very buoyant—up to 15% in Japan, and the remainder in other markets.

All investments will be—directly or indirectly—in the equities of leading 'blue chip' companies in the markets concerned. Investment will be partly through the medium of foreign currency loan facilities, in order to replace the effect of the dollar premium.

HOW TO INVEST. You can invest in this new Fund by effecting a Schroder Overseas Bond, which is a single premium life assurance policy issued by Schroder Life Assurance Limited.

Simply complete the application form below and send it to us with your cheque—no stamp is required. Provided that these items reach us NOT LATER THAN NOON ON 13 JUNE 1978, your premium will be invested at the initial net offer price of 100p each. Thereafter, premiums will be invested at the appropriate offer price.

This advertisement is based on the Company's interpretation of present law and Intend Revenue practice. The accuracy of this interpretation is not guaranteed, and the Company cannot accept responsibility therefor.

## APPLICATION FORM

To: Schroder Life Assurance Limited, FREEPOST, Portsmouth, Hampshire PO1 1BR

I wish to invest £ [ ] (minimum £1,000) in a Schroder Overseas Bond, and I enclose cheque for this amount payable to Schroder Life Assurance Limited. I understand that if you receive my application and cheque after noon on 13 June 1978, units will be attributed to my Bond at the offer price determined on the valuation date calculation with interest falling due on which they are received. (BLOCK LETTERS PLEASE)

Surname (Mr, Mrs, Miss or Title) [ ]

Full First Name(s) [ ]

Address [ ]

Date of Birth [ ] Occupation [ ]

Are you in good physical and mental health and free from the effects of any previous illness or accident? YES [ ] NO [ ]

If 'NO' please give details on a separate sheet. [ ]

Have you ever had any serious illness or specialised investigation or consulted a doctor within the last 2 years (except for minor ailments requiring a single consultation only)? YES [ ] NO [ ]

If 'YES' please give details on a separate sheet. [ ]

Signature [ ] Date [ ]

The offer is not available to residents of Eire.

FT36/78

Schroder Life Group

Registered Office: 120 Caspado, London EC2V 6DS. Registered Number: 782698 England.



## FINANCE AND THE FAMILY

## Covenant to daughter

BY OUR LEGAL STAFF

I covenanted to pay my daughter £350 a year until her education finished, which it did last July. She married the previous July and her husband is in regular employment. The Revenue have now refused to pay back the basic rate tax because she is married, though her local authority grant was based on my income, not her husband's. Are they correct?

From what you say, section 36 (2) of the Finance Act 1978 entitles your daughter to a repayment of tax suffered on her income of the year 1977-78, since it did not exceed £735 (and she was married during that year). She should give notice of appeal against the refusal of her claim, as soon as reasonably possible.

If she has any further difficulty, she may like to write to us direct. A copy of (or verbatim extract from) the tax inspector's letter will be helpful, if he sticks to his refusal and states his precise grounds.

## Re-couping the premium

Do I conclude from your remarks under Recouping Premium (April 22) that it is regarded as part of the £40,000 one may now transfer abroad on emigration and not in addition to it? Does the £40,000 have to be taken out within a prescribed period? Does it have to go to the country where one is living?

Reclaim of the investment currency premium in the circumstances we described would imply using part of the emigration allowance. The allowance can be transferred over a period and need not be taken to a particular country.

## Genuine joint account

You have stressed recently that joint accounts must be genuinely operated by both joint owners in order to avoid having to apply for probate. My wife and I both earn and each pays money into a joint account for housekeeping purposes, but I write all the

cheques and withdraw cash. Would it therefore be necessary to apply for probate, given that it would not be for other assets on our estates?

We think that the account which you describe will satisfy the requirements to fall within the category of a genuine joint account. However, it would be wise to take the precaution of having some cheques drawn on the account by your wife henceforth so that any question of the account's not having been operated as a joint account may be scotched.

## Earth piled against fence

My neighbour piles up earth against my fence, despite my protests. What legal remedies have I?

Legally your neighbour is not entitled to use your fence as a retaining fence for his soil, or to damage your fence. You would have a cause of action against him in trespass and in nuisance and could apply to the County Court for an injunction. However, you will bear in mind that the cost of applying to the Court may be disproportionate to the amount involved in the dispute.

## Non-deductible cost

I have had my house retiled to an unsatisfactory standard. If we do the necessary work to put it right ourselves, could we deduct from the money due the price that another contractor would have charged for doing the work? If we decide not to have further defects remedied until such time as they cause trouble, could we deduct the notional cost of the work required?

You can do the work and deduct the cost of the materials, but not your own labour (or sue for the balance). But you should not wait too long to act, as your claim may be difficult to establish at a later date. After six years (without acknowledgment) both your claim and the builder's claim for the price will be barred.

## Children's income and tax

I have two children aged 12 and 14, who live with my ex-wife who has re-married. By Court Order, I pay maintenance of £624 p.a. for each child but no tax is deducted at source from these payments. Additionally, the children have incomes of about £350 p.a. each, being interest on money which I invest for them. This interest is subjected to tax at source. Can you advise what is the tax position for the children and whether it is possible to make a repayment claim for the tax so deducted?

We cannot answer your question without knowing the origin of the children's invested funds. Provided that no part of their funds originated (even indirectly) from either (a) yourself or (b) their mother or their stepfather, then income tax repayment claims can be submitted on each child's behalf for the balance of personal

## An advisable will

My will leaves my estate (£70,000) in trust to my wife for life and then to my two children. (a) Is this advisable in the light of CTT? (b) Do you advise a division of my assets 50/50 between my wife and myself? (c) If so, I shall transfer the non-matrimonial property (£20,000) from myself to my wife as a gift. What will the stamp duty be? and what do I state on form 19 in place of the words "for the consideration of £..."? (d) What would be required in written form to establish words of severance, in order that my wife could become a tenant in common and so by will pass her share in the property to the children?

In the absence of full details of your fiscal position we can only advise in very general terms. However: (a) The formula used in your present will is unlikely to be advantageous in present circumstances.

allowances, etc. If their funds do not satisfy this stringent test, however, then their income may well be taxable as either (a) your own or (b) their stepfather's, as the case may be, under section 437 of the Income and Corporation Taxes Act 1970.

## Disturbance from cattle

A gable of my house abuts a field and in inclement weather the cattle therein often shelter against the wall, banging it and dislodging stones and, at night, disturbing us. Have I a remedy?

You may have a claim in nuisance for the damage to the wall, provided the dislodging of stones is not contributed to by want of repair of the wall. We think that you would not have any basis on which to claim damages or seek an injunction for the disturbance of occupiers of the house.

(b) A division of assets with your wife is advisable. It may be that a division in proportions other than 50/50 could be more useful—this would depend on your wife's assets and age, and on the ultimate destination of assets. Sample sums worked out with other fractions will help you decide. (c) Stamp duty will be based on the current value and must be adjudicated. If the value is below £20,000 and a certificate of value at that sum given in the transfer no stamp duty will be payable. The words to be substituted are: "In consideration of the natural love and affection of the transferor for the transferee." (d) ... to hold the same as tenants in common in equal shares in equity."

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

DISCUSSING home contents insurance a few weeks ago I asked the question— which would you rather face, an increase in the rate of premium that you pay (perhaps in the order of 20 per cent to 25 per cent) on a substantial excess (of £50 or so which would leave you having to meet not only small claims but part of larger claims out of your own pocket)? This question is perhaps theoretic rather than real because premium increases and excesses are underwriting measures which insurers are more likely to use in combination, rather than in the alternative.

Most major insurers charge 12½ pence per cent for buildings cover and 20 pence to 25 pence per cent for contents insurance: these rates are for the best risks and you pay a lot more if you have a thatched or cedar roof or a flat in the North West postal district of London. But it is possible to pay lower prices than these and a new contract introduced at the beginning of May by National Employers Mutual—its Home Economy Plan—cuts out many of the frills that the modern household package provides, but still affords basic material damage cover, fire, theft and so on, at rates well below current market prices.

N.E.M. will be charging 8 pence per cent for buildings, 15 pence per cent for contents, but before you rush to buy it must add that insurers have set a minimum premium of £10 for the provision of either buildings or contents cover. You should also note two main restrictions: you have to pay the first £25 of each claim and you have to accept an under-insurance clause which entitles

## Not so simple

insurers to pay proportionately on any claim if at the time of the loss the sum insured does not equate with the full value of the property at risk. I am constantly hearing it said by brokers—not the large national ones who try to avoid handling personal insurances, but the smaller provincial and high-street firms—that modern house contracts are now far too complicated and moreover, far too expensive to sell to the

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insurers, if the rest is not in fact absorbed in their rating structure, is usually in the range of 10 per cent to 20 per cent extra on the basic price.

"New for Old Cover" has been widely sold now for much of the 70's and individual insurers have now begun to assemble from the claims they have paid a deal of statistical evidence that in times of substantial inflation such as we have recently experienced, that the premium loadings have not been sufficient to cover claims costs.

Many held the view that despite index linking, which gives insurers, as well as policyholders, protection against inflation, that the provision of New for Old Cover is "contrasted" with the indemnity type insurance (where a depreciation is taken into account) demands something in the region of double the normal rate—50 pence per cent as opposed to 25 per cent.

Incidentally, looking closer at the NEM's new Home Economy plan, I see that the contents cover is provided on the old style indemnity basis, and does not include any payments new for old. With a contents rate of 15p per cent NEM could scarcely do otherwise.

So perhaps I should end with a reminder of what indemnity means on a contents claim: it does not "make as good as new" people think, insurers taking the original purchase price, making deduction for wear and tear and then paying a small sum which has no relation to current replacement cost. Quite the contrary, the starting point of indemnity is current replacement cost of an article of similar quality: from this cost insurers make deduction for wear and tear having regard to the age and use of the article lost or destroyed; and they then pay the resulting amount.

From the policyholder's point of view this cover has been and still is an excellent buy because the extra premium required by

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## YOUR SAVINGS AND INVESTMENTS

## Easing the heartache

covers everything from the first marriage preparations to the last day of a honeymoon. The whole policy costs £9.50 for two and for this you will be insured against a number of risks. Wedding costs up to £500 will be paid if the bride or groom, their parents or "near relatives" (this means brothers and sisters) are sufficiently seriously injured so as to postpone the happy occasion.

Thrown in with the same premium you get protection, again up to £500, against damage to wedding presents and loss of wedding and/or engagement rings. Incidentally, it's no good if a guest drops his gift en route to the church—so make sure you hand over that valuable set of Waterford glasses before they break. Then there's compensation if something happens to the wedding snaps—up to

## INSURANCE

TIM DICKSON

£25 for loss or "destruction" of official photographs or negatives. Hardly enough to pay for a reconstruction, with full supporting cast, of what happens, however, if the bride breaks her leg or the bridegroom, in eager anticipation of the great day, bursts his appendix? The hall has been booked, invitations are printed and possibly sent out, caterers have been lined up, and wedding clothes may even have been hired. How do you get your money back so you don't have to fork out twice once the injured party returns to good health?

The most comprehensive package available, underwritten by Guardian Royal Exchange, and luggage, for example, is in-

Anyone who can show just cause why this insurance policy cannot be paid in full...



sured up to £500 while medical costs against the sickness or expenses of up to £500 per death of bride and groom. For person will also be paid the privilege, you will pay 10p. Thoughts of macabre accidents seldom spring to mind when marriage is being considered but the policy also takes into account death (a £5,000 lump sum in the case of the husband (£1,000 in the case of the wife), loss of a limb or eye (same figures) and disablement (£20 a week for the husband, £10 for the wife).

Another, less comprehensive and little-known policy has been available for 20 years from a firm of sub-contract brokers Adam Brothers. Underwritten by a Lloyds syndicate rates here are usually negotiable and there are no limits to the amount of cover which can be taken out. The basic policy will insure all "unrecoverable

## Destroying some myths

SMALL FUNDS perform better than large ones. Unit Trusts provide the investment expertise necessary to outperform the market. Income funds do better than capital funds. Last year's losers are this year's winners. These are some of the guides put forward for choosing a particular unit trust for your equity investment. And they have no basis in fact according to an article in the latest issue of Management Decision written by Michael Pirth, a lecturer in accounting at Stirling University.

To understand fully his article on unit-trust performance you need to hold an honour degree in mathematical statistics. But his first contention is that the usual form of league tables for performance, based solely on the past returns is spurious because it does not take into account risk. He then develops a highly sophisticated method of measuring performance incor-

## UNIT TRUSTS

ERIC SHORT

porating risk and analyses performance over the 10 years to end 1975.

He concludes that there is no statistical evidence of any superior or inferior performance by the unit trust industry. Unit trust managers could not correctly time the market, that is go liquid when a downturn was imminent and thus a strategy of buy and hold is best. There is no evidence that size of fund influenced performance or that there are different performance between different types of funds—overseas and specialist funds were excluded.

Mr. Pirth has certainly questioned the time honoured methods of selecting funds and measuring performance. The unit trust industry needs to answer his findings, especially his final one that possibly some attention should be paid to claims of superior investment performance are being made on spurious grounds.

LOCAL AUTHORITIES and the Inland Revenue are both much maligned organisations, but the first at least can offer a reasonable return on a cash investment. And investors can look upon such an investment as virtually as sound as a gilt stock.

Investment in local authorities can be channelled through one of several ways, but basically investments break down into two broad areas. These are quoted on the Stock Exchange or direct investments with an authority which are not negotiable, and with very few exceptions lock the holder in for the duration of the bonds.

Each Wednesday, a list is published of authorities which have placed bonds on the stock market. Most of these have a life of one year, though each week a smattering of bonds up to five years are included. There are even a few variable rate bonds. All the issues share common coupons for the various lengths of life. For example, this week one year bonds were placed with a coupon of 9 1/2 per cent, while a few three year issues were offered at 11 1/2 per cent.

For the investor, the advantage of these issues is that they can be bought and sold in the stock market at will. Though it is worth noting that most of them are relatively small issues—amounts of £250,000 and £500,000 are common—which means that dealing may prove difficult.

The other quoted vehicle for

## Council yields enticing

## INVESTMENTS

TERRY GARRETT

authorities is the "corporation market." This is made up of the larger Local Authority issues which are made at irregular intervals and are normally offered to the public by an offer for sale.

Some typical stocks, where marketability is good, were suggested to me by brokers Phillips and Drew. For high rate tax payers the Corporation of London 3 1/2 per cent stock dated November 1979 might appeal. This offers a running yield of 3 1/2 per cent and a redemption yield of 10 1/2 per cent. A short dated high coupon investment can be found in Lincoln's 13 per cent stock dated 1980. There the running yield is 12 1/2 per cent—the stock stands above par—and the redemption return is 11 per cent.

Investors can buy very small

sums of stock through a bank or a stockbroker—as little as £100 if they wish—but obviously there is a point where dealing costs become prohibitive.

Direct investment in an authority normally takes one of two forms, either replying to advertisements or for large organised investors direct dealing through the money market. Many authorities advertise in the Press. The popular Sunday papers carry a fair number of advertisements asking for money, and the Financial Times carries a block selecting a few authorities every week.

The rates and dates of the bonds vary, and investors should shop around to get the best deal. Sometimes two authorities can be offering on the same day bonds of identical duration with different rates.

The Loans Bureau is a good line of attack, for they can supply a comprehensive list of local authorities wanting money and what they are prepared to offer. Their phone number is 01-828 7855.

But with this type of investment there is no secondary market so investors must be prepared to leave their investment alone for the life of the bond.

For larger investors, and here we are really talking of a deal of at least £50,000, investment through one of the money brokers or money sides of the large stockbrokers is the obvious answer.

## Personal loans

example, bringing its rates down last October, the Co-op Bank cutting its loan rate to 14 per cent in December and Lloyds coming down only in late January. Until the latest increases spread throughout the system, therefore, there is for the time being a fairly wide spread of rates being offered by different banks.

The changes have also again presented the problems which are regularly associated with the distinctions which need to be drawn between two ways of describing the interest rate charged. National Westminster, the first to move up this time, announced the change in terms of a 1 per cent rise in the flat rate of interest charged on personal loans from 7 1/2 per cent to 8 1/2 per cent. This is the rate which is

charged on the initial amount of the loan; but it is not the true cost. Because the loan is repaid in instalments over its life, the average amount of borrowing outstanding is around half the initial loan, and the true interest rate nearly double the flat rate.

For a two-year period, the most popular, NatWest's new 8 1/2 per cent flat rate is equivalent to a true interest rate of 16 1/2 per cent, a rise of 2 per cent from the previous level.

Both Midland and Lloyds made similar changes to NatWest. But in line with the emphasis of the consumer credit legislation, they both quoted only the true rate equivalents.

Barclays, which has not so far favoured the upward trend, is the one which stands out. This bank not only quotes in terms of a true rate, but also uses a constant rate. At present, Barclays is charging at a rate of 14 1/2 per cent, which was reduced from 16 1/2 per cent last November.

MICHAEL BLANDEN

## Changing jobs

MOST INDIVIDUALS are still employers. Such is the desire quite apathetic about their to get their hands on money ultimate pension rights, despite the fact that arrangements are being State pension scheme, except made whereby employees get when it comes to changing sign on a Friday night, get a job. Then invariably they refund, and are re-employed on think they know their rights. Monday morning. The Revenue and want their money back. It has expressed disapproval of usually comes as a shock to such practices and has find out that the Government threatened retaliation. It comes as even more of a shock at retirement to dis-funds when they change cover that one has lost con-

siderable pension rights on change of jobs compared with staying put and the Government and Trade Unions do not think this is right at all. They consider that an employee should get the same pension irrespective of how many jobs he has in a working life. It has asked the Occupational Pensions Board to look into this question, and the Board, being a democratic organisation, is seeking the views of individuals as well as employers and the pensions industry. You may think this move superfluous in that it is self

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To: Hodge Life Assurance Company Limited, Threadneedle House, 24, Bishopsgate, London, EC2N 4AH. FT 3/8

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I wish to invest £ \_\_\_\_\_ (minimum £1,000; maximum £50,000) in a Hodge Guaranteed Investment Bond and I enclose a cheque for this amount made payable to Hodge Life Assurance Company Limited. I am a resident of the United Kingdom and over 18 years of age. I understand that this application will form the basis of the contract between me and Hodge Life Assurance Company Limited.

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## MOTORGOLF



### An elegant Italian

BY STUART MARSHALL

Two years passed between the like a couple of heavyweights Lancia Gamma's announcement pummelling one another. The all-independent suspension gives a notably flat ride time has been well spent. The roughnesses apparent in the summer of '76 have been eliminated. The Gamma is now an elegant though very roomy executive-class saloon in the Lancia tradition of sporting luxury.

Top speed is a little over 120 mph and the noise level low enough to make cruising enjoyable at 100 mph-plus—where the law allows, of course.

The engine is a 24-litre flat-four cylinder which, on the face of it, is a curious choice for an up-market car. Lancia say they tried a straight-six and their traditional narrow-angle V6 but they took up too much room and so a space-saving "boxer" it had to be. Why "boxer"? Because it works

The four door Gamma Berlina, which has a massive boot, costs £17,135, or £18,144 if you take up all the available options of metallic paint (£221), hide upholstery (£342) and air conditioning (£445).

To those who might protest that it sounds like a lot of money for a four-cylinder motor car, I would make two points. The Lotus Elite with an in-line four-cylinder is more than £4,000 dearer; and, except for a funny exhaust beat if you try to accelerate in top gear from 20 mph, you would hardly suspect that the Gamma was not a six-cylinder car.

The harder you work the engine, the smoother it gets. It is not silent at higher speeds, but the growl is muted and does not interfere with in-car entertainment when cruising on the motorway.

Lancia have also introduced the Pininfarina bodied Gran Turismo version of the Gamma. It is a pretty car, but its two-door coupé body is shorter, lower and less roomy by far than the saloon. For tall people, at any rate, it has a less comfortable driving position and, at £19,185, it costs £2,000 more.

Performance is virtually the same though I thought it made more wind noise. Strangely, the fuel consumption is marginally worse (an average 24.25 mpg for the coupé compared with 27 mpg for the saloon) and the tank holds one gallon less (13 against 14 gallons). For me, touring would be rather grander in the saloon than in the Gran Turismo. Pininfarina coachwork notwithstanding.

Lancia plan to bring in about 1,200 Gammas in the next year, 800 of them the four-door Berlina saloons. They should be in great demand, not least from satisfied owners of the Beta 2000 who now want to trade-up.

### Ready and waiting

THE DEAREST place in Britain to buy petrol is on the motorway. From the pump, it is around 5p more than at the average out-of-town station. But if you run out on the motorway and have to phone for help, you may find yourself paying ten times the normal price to get a gallon brought out, as a number of unlucky (or improvident) motorists discovered over the holiday weekend.

It makes good sense, then, to carry a spare gallon in the boot, unless you have one of the few cars today with a built-in reserve tank. But keeping petrol in an old one-gallon oil can is apt to be smelly and may be unsafe. Using a plastic container is both illegal and very dangerous.

Bell Products of Harpenden make their Ready-Can in one- and two-gallon sizes. Both have totally leak-proof caps and their own vented filler nozzles for

easy pouring into any filler aperture. They are on sale at most accessory shops or through the A.A. Mine, still in its cardboard box, goes into the boot of all the cars I test drive.

I have never seen the point of carrying a torch in a car when there is a much better power source—the cigarette lighter socket. Two plug-in lamps I have tried recently are the Overlander fluorescent tube and the Britax Quartz Fire. The Overlander runs for hours without flattening the battery and would be useful for car campers as well as for changing a tyre at night. And the Quartz Fire produces a beam you practically trip over.

This mini-searchlight costs about £11. It is rather like a car auxiliary light with a built-in handle. The lens cover doubles as a stand and there is a hook, which comes in useful if you need both hands free.

### CHESS

LEONARD BARDEN

CAPABLANCA, world champion from 1921 to 1927, was the finest simultaneous player of his day and probably of all time. His strengths included total recall of all moves of every game, and an instant appreciation of position.

In more recent times the most successful simultaneous players—among them Flohr, Smyslov and Karpov—have mostly been, like Capa, grandmasters with a preference for strategic chess and endings. This is not only an economic style for simultaneous play, but means that the opponents in an exhibition are forced into areas of the game where they are notably weak.

Capa's simul record, fully documented in David Hooper's *The Unknown Capablanca* (Batsford, £3.95) includes a selection of the best games from the growth in recent years of the Cuban champion's numerous European and American tours. His 1919 British tour, at the height of his fame and strength, was one of the most successful: the exhibitions almost all took place over around 40 boards but he never lost more than three

games even against the strongest clubs in the major cities.

This week's game is an echo of that tour: it took place in London on September 18, and Capa made a normal score for him of 36 wins, two draws and two losses.

The venue was the Gambit Chess Rooms, in the now demolished Budge Row off Cannon Street close to the Financial Times office, and that in itself deserves comment. The Gambit was for decades a focal point of London chess activity. Though best known for its lunch time play, it also provided a venue for major events such as the Anglo-Soviet radio match of 1946 and it ran a Saturday evening tournament at ten seconds a move which gave many young players their first taste of competition against the strongest experts in London.

It was no accident that the closing and demolition of the Gambit in the early 1950s was followed by a decade of stagnation in London chess with few new talents emerging until the growth in recent years of the Cuban champion's numerous European and American tours. His 1919 British tour, at the height of his fame and strength, was one of the most successful: the exhibitions almost all took place over around 40 boards but he never lost more than three

national and international tournaments. The contrast is marked with the celebrated Manhattan Chess Club in New York, the Chess House in Stockholm, and the central facilities provided as a matter of course in major cities throughout Eastern Europe.

Many of its customers grumbled at the Gambit's frayed Edwardian ambience, but its presence today, or a substitute provided by a sympathetic business house, would be a major advance for British chess.

But back to Capablanca and 1919: the game below was sent to me by Maurice Fox, then a young engineering student who later emigrated to Canada where he won the national title eight times. Several decades later he completed a rare double when he beat Fischer, then a rising young master, at the 1956 Canadian Open.

Few can boast beating the best-known chessplayers of all time, even when one game is a simul: the select list of those who defeated both Capablanca and Fischer in one-to-one play is Ellikases, Euwe, Keres and Reshevsky.

As for the game, it is a remarkable contrast between Capa's total sunniness in the opening and Black's imaginative middle game tactics. By move 18, White is a pawn up with a fine position:

and that fact evidently led to some underestimation of the opponent. Simply 17 Qd4 would leave Black little for his pawn castle long, the champion found his own king a target.

White: J. R. Capablanca. Black: M. Fox. Opening: Vienna (London 1919).

1 P-K4, P-K4; 2 N-QB3, B-B4; 3 B-B4, P-Q3; 4 P-Q3, N-KB3; 5 B-KN5, B-B7 (safer); 6 P-KR3; 7 B-R4, P-B3; 8 N-Q5, B-K3; 9 Q-B3, Q-K2; 10 N-K2, N-Q1; 11 N-N3, N-K3; 12 N-N3, Q-Q1; 13 N-R5 ch, R-R1; 14 QxN, P-B2; 15 N-P4 ch, R-N1; 16 B-N3, P-N2; 17 P-KR4? Q-K2; 18 B-N3, P-B3; 19 Q-Q7? P-R4; 20 P-Q3, P-N4; 21 P-Q4, P-P; 22 P-P, B-N3; 23 P-R5, P-R5; 24 B-R2, R-K1; 25 P-R6, R-N4; 26 R-R4, P-QB4; 27 P-P, R-P ch; 28 K-N1, R11-QB1; 29 N-N3 ch, White is right?

preparing to play Q-N3 and R-N5 ch. If now 30 P-P, Q-B3 (threat R-B7; 31 Q-N3, QxP ch wins); 30 R-N1, Q-R5! (threatens QxP and Q or R-B5 ch); 31 Q-K3, R-Q4; 32 R-Q1 (hoping for BxQ? 33 R-P ch, R-Q8; 33 R-P, B-Q; 34 P-B, QxP; 35 R-Q7, B-Q; 36 P-P, P-N5! (the win could still be difficult but for this fresh tactical coup); 37 P-P, P-R5; 38 P-P, Q-K5 ch; 39 R-R1, Q-K4 ch; 40 Resigns (40 K-N1, QxP ch and QxR). A very pretty game.

## Home pride of the Ryder Cup

CHARLOTTE, NORTH CAROLINA, June 2

HOW STRANGE it was that just 24 hours after the most heartening British professional golfing performance since Tony Jacklin's 1969 Open Championship victory, changes for future Ryder Cup matches were announced, allowing Europeans to play on our team to strengthen it.

If the first eight members of the team to represent Great Britain, Ireland and Europe had selected themselves by virtue of their positions in the order of merit on the day of the announcement, three Spaniards, Seve Ballesteros, Jose Maria Canizares, and Antonio Garrido would be in the team to challenge the Americans next year for the trophy they have retained since winning it back in 1959 after our lone post-war victory at Lindrick in 1957.

So the Ryder Cup matches, as the late Samuel Ryder, a golf-fanatic and seed merchant from St. Albans envisioned them, are dead, and good riddance to them. Usually they were the most embarrassing events in the

calendar, particularly in America, where we have never won at all. In sorry fact, we have won but three and lost 18 of the biennial contests staged on both sides of the Atlantic since 1927, with one historic tie at Royal Birkdale in 1969.

On that memorable occasion, the destination of the trophy depended on the last singles match involving Jack Nicklaus and then Open champion Jacklin as it came down to the final putt on the 18th green. No one is likely to forget Nicklaus's peerless gesture in conceding that Jose Maria Canizares, and Antonio Garrido would be in the team to challenge the Americans next year for the trophy they have retained since winning it back in 1959 after our lone post-war victory at Lindrick in 1957.

So the Ryder Cup matches, as the late Samuel Ryder, a golf-fanatic and seed merchant from St. Albans envisioned them, are dead, and good riddance to them. Usually they were the most embarrassing events in the

outcome of the matches. For instance, if the shy and likeable Canizares did happen to get into our team to play next year at The Greenbrier in White Sulphur Springs, West Virginia, in September, a course recently redesigned by Nicklaus, he would be playing on American soil for the first time.

Nor can I ignore the fact that poor Garrido was totally overshadowed by his first experience of the Masters Tournament at Augusta this spring and never looked likely to survive the 36 holes cut.

Of course, Ballesteros is afraid of nothing and nobody and he will obviously be a tremendous asset to us. But, conversely, if he had one of his really wild days, he could become the

hugest the gravel very effectively reduces the growth of seedling weeds though, of course, it has no effect on perennial weeds already present in the soil. Deep digging was invented largely as a method of getting rid of such weeds and it remains the most effective way of doing it though it is being increasingly challenged by modern herbicides such as paraquat, digquat and dichlobenil.

There are many other possible materials for mulching and gardeners are continually experimenting with new ones. Much in fashion at the moment is shredded or pulverised tree bark. This has been popular for a long time in America and as our forests begin to be felled it will undoubtedly become increasingly available here. Opinions as to its merits differ and it will probably be a few years before a full and impartial assessment can be made.

On the credit side are long life and considerable efficiency in suppressing weeds. On the debit side there is the suspicion that, like sawdust, the availability of nitrogen may be reduced considerably for a time. Increased acidity may be indicated by the gravel cover—increased, which could be good for some plants and not for others. There is also the question of cost which can vary greatly according to the local availability of the product. If top up old ones but before doing bark can be purchased in bulk so make certain that the soil on which their useful work of mulching materials but if it has to be bagged and transported it even drier.

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### GARDENING

ARTHUR HELLIER

## Make it rich at the top

greatly improving the appearance of the garden.

Mulches can be of many materials from rich manure to sterile gravel. All have a common purpose in protecting the soil beneath and the roots that grow in it. Mulches of any kind tend to even out the temperature and moisture fluctuations in the soil, making

it less cold in winter and less likely to dry out severely in summer. Even sand will do this but fluffy materials, such as peat and compost, are far better insulators and it is insulation that this aspect of mulching is mainly about.

Enrichment is the other purpose of mulching and here there is an enormous difference in the potential of different materials. I walked through Queen Mary's Rose Garden in Regents Park a few weeks ago when the leaves were just bursting out and envied the generous dressing of farmyard manure, several inches thick, that had just been spread over the beds. Few home gardeners could

afford to mulch so generously even if they could find a farmer willing to part with so much manure. No wonder, I thought, that the roses in Regents Park are among the best in the world. With annual mulches like that it would be strange if they did not grow and flower exceedingly.

A few weeks later I was at the opening of the Hillier Arboretum near Romsey which has just been given to the Hampshire County Council by Mr. Harold Hillier who created it. In front of his house, which adjoins the arboretum, he has made a series of island beds, mainly for alpine, small herbaceous plants and an extensive collection of dwarf conifers; and these are all thickly mulched with pea gravel.

Perhaps most gardeners would not consider this a much at all since it is solely mineral, and unavailable mineral at that, so that it contributes nothing directly to the fertility of the soil. But the way in which plants thrive in these beds indicates that the gravel cover—increased, which could be good for some plants and not for others. There is also the question of cost which can vary greatly according to the local availability of the product. If top up old ones but before doing bark can be purchased in bulk so make certain that the soil on which their useful work of mulching materials but if it has to be bagged and transported it even drier.

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### BRIDGE

E. P. COTTER

## Maths and minds

IN HIS new book, *The Finer Arts of Bridge* (Faber £5.50), Victor Mollo takes the reader away from the conventional treatment of technical knowledge to the more nebulous realm of psychology and imagination. You will certainly enjoy the hands, and you will certainly learn from them.

Let us examine this hand from a rubber in which all the players were experts:

N  
K10  
Q875  
A985  
Q

W  
K9  
Q106  
QJ2  
A10987

E  
K94  
Q43  
K6532  
S

S  
A987  
K2  
K1076  
A4

At a love score North dealt and opened the bidding with one heart. South said one spade, and North rebid two diamonds. South now jumped to four diamonds. North hid four spades, and South pushed on with a cue-bid of five clubs. Hoping for further information, North said five hearts, but South could only say five spades, which North raised to six spades.

The club Knave was won in hand, a club was ruffed, and trumps were drawn in three rounds. The declarer continued with a heart, finessing the Queen, which lost to the King, and East returned the four of diamonds. What should South play?

The mathematician has no problem—he plays for split honours in diamonds, preferring the odds-on chance to the odds-against chance of the 3-3 break in hearts.

The psychologist, however, asks himself: Why has East been kind enough to give me this chance? Didn't he hear me give a double jump in diamonds? Then, for the light of dawn, East has given him a diamond. Now, he declares, losing option in diamonds, how would you continue?

At game all South bid one diamond, and rebid three no trumps. North's one diamond, West led the heart two. South me give a double jump in diamonds. Then, for the light of dawn, East has given him a diamond. Now, he declares, losing option in diamonds, how would you continue?

Well, with an entry to dummy assured, you try a dummy diamond finesse. It loses, and East returns a heart which you win with the Ace. Would you now take the marked spade finesse, expecting to gather in 11 tricks? You could not settle for one overtrick if every other declarer was making two.

And that is what the original declarer did. But East turned up with the ten and now South was cut off from dummy's assets, and could not make even nine tricks. "Wasn't that a superb piece of deception by East?"

Overtricks, which are so valuable at duplicate, can be used as bait by the shrewd psychologist to lure the opponent to destruction.

At a love score North dealt and opened the bidding with one heart. South said one spade, and North rebid two diamonds. South now jumped to four diamonds. North hid four spades, and South pushed on with a cue-bid of five clubs. Hoping for further information, North said five hearts, but South could only say five spades, which North raised to six spades.

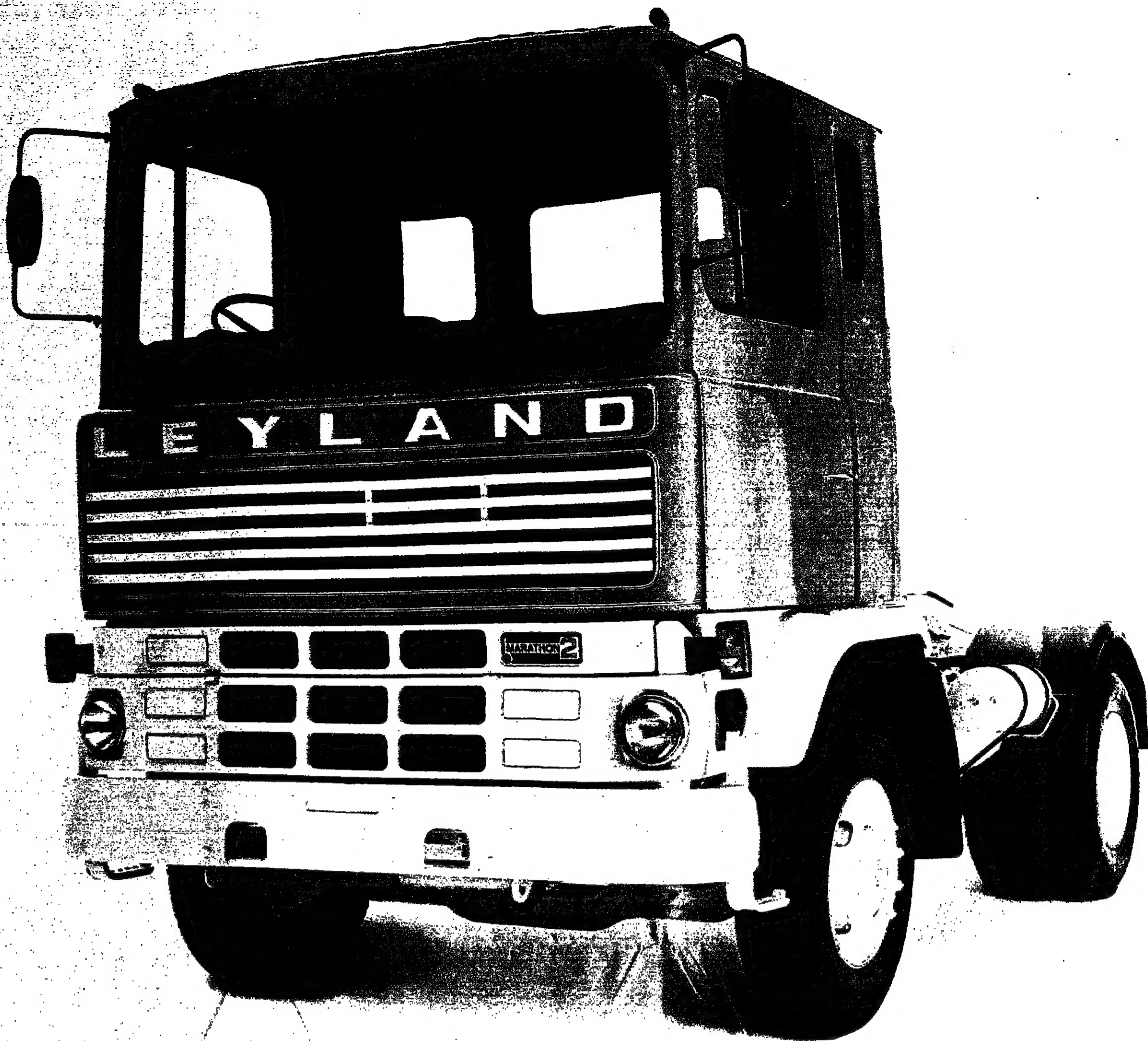
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## LEISURE/FASHION



Mykonos

## A choice of islands

ISLANDS, it seems, have a pretty general appeal, even though about all they have in common is that they are bits of land surrounded by water. You would be hard put, for example, to find much other similarity between Tobago and Iceland or Mauritius and the Isle of Man. Perhaps there is one other characteristic that most of them share: a kind of coziness arising from limited confines, which means you don't really need to burn up too much energy in rushing about.

That said, even ignoring Greenland, islands can be pretty big. Iceland is a case in point, and it happens to be one of my favourites, partly because I like that kind of beginning/end-of-the-world scenery, and partly because of the pockets of sophistication that the Icelanders have superimposed on it. Corsica is another favourite of mine for some of the same reasons (rugged uncompromising scenery), though here softened by a fabulous variety of vegetation and balmy coastal areas, not to mention a kinder climate.

If you just like islands for their own sake, you could do much worse than take a cruise in the appropriate part of the world. A recent one of mine by Holland America Line in the Caribbean featured seven islands out of nine ports of call, more of which in the near future. Next autumn, P and O's Island Princess is offering some pretty exotic South Sea island-hopping between Los Angeles and Sydney (33 nights from £2,122, 56 nights from £2,865, including return flight from London). Nearer home, Sun Line's 3, 4- and 7-day cruises concentrate on Crete and other Greek islands of all sizes in the £250-£350 range, with flight from London and half board in Athens to make up the full week where applicable.

Inevitably, shore excursions only give very limited time in any place, and you might prefer combining two or more islands to

for stays of several days. Rankin Kuhn are among island specialists on a global basis, and I have always given their tours brochure top marks for a very fair summary of climate and other honesty of detail. For example: "beaches... are the island's proudest possession" but there are "some pretty unexciting landscapes" (Antigua); or "a lush tropical mountain with its feet in the Caribbean" but "not for the trend setter" (Grenada). Multi-centre island holidays are

## TRAVEL

SYLVIE NICKELS

among their special features, as are some bargain offers of three weeks for the price of two in a number of centres.

In Europe, Exchange Travel have recently added Sicily to their long-established arrangements in Malta, Gozo, Cyprus and the almost-island of Gibraltar. In these cases, two-centre holidays aim at showing contrasting aspects of one island (such as the coast and mountain resorts of Cyprus) or sister islands (such as the Maltese capital combined with the quieter tempo of neighbouring Gozo). The permutations are numerous, but the Cyprus combination ranges from £263-£298 ex-London for two weeks, with half board, according to season.

The Canary Islands is another area to provide popular two-island combinations, sometimes extending to embrace Madeira—a particularly good warm-weather pairing when you bear in mind the lushness of the latter and, say, the moon-like qualities of Lanzarote. As an island group, the Azores too can supply pretty well every scenic requirement from the torrid tropical to the highland bleak. If you are confining yourself to one island, it is obviously

particularly important to choose the right one at the right season. If you want a happy cultural mix of European (French), African, Indian and Chinese, with beaches galore and some lovely scenery, then Mauritius is likely to appeal, providing you don't need a lot of sophisticated services or night life. For that—as long as you are not on a tight budget—you will do much better in trim little Bermuda, remembering that it is much further north than most people think and has a climate far more akin to the Med than the Caribbean. Conservationists will approve of it, too: only a few nasty, smelly motor cars (and none for hire), though watch out for visitors wobbling about on rented mopeds; and new strict legislation protects all corals, sea turtles, marine mammals and a variety of molluscs in the area.

When it comes to costs, it is well worth doing a little homework on the seasonal variations applicable to particular islands in the long haul category. In Mauritius, for example, seasonal variations are relatively small and the year-round costs for two weeks with half board in a good hotel and return flight start at around £550-£600. In Bermuda, average minimums range from around £500 in the low season to from £600 in the high. In the Caribbean, off-season minimums may be lower, but in the high season can soar overnight (around mid-December) to £650 or £750 and more. To make it even more complicated, some Caribbean hotels vary their prices much less than others or will have special arrangements with a tour operator. So it really does pay to look carefully at those rather boring tables.

Finally, a word about islands that fall into a totally different category—little off-shore pockets of protected nature that you can walk around in a few hours with nary a bar or a bingo hall in sight. One such is Handa off the north-west coast of Scotland, which we shared with a handful of other people one sunny June day. The colonies of sea birds and the natural rock gardens clinging to the cliff tops made wondrous assaults on the senses, and ensured the kind of memories that money can't buy.

Some addresses: Holland America Line, 56 Haymarket, London SW1Y 4RZ; P & O Cruises, Beaufort House, St Botolph Street, London EC3A 7DX; Rankin Kuhn, 19 Queen Street, Mayfair, London W1X 8AL; Exchange Travel, Parker Road, Hastings, East Sussex TN34 3UB.

Year week-end: E. Austria 28.00, Belgium 28.75, France 32.50, Italy 1.500, Greece 0.20, Spain 12.25, Switzerland 3.39, U.S. 1.22. Source: Thomas Cook.

## In the swim

BY LUCIA VAN DER POST

IF YOU really want to look comme il faut on the beaches this summer there are several looks that are currently very fashionable. One-piece swimsuits have come back in a big way. All of you who remember the early films of Esther Williams and Betty Grable and the days when swimsuits really had glamour will give a nostalgic welcome to a range of very glamorous one-piece swimsuits recently brought out by Strawberry Studio—these have all the authentic film-studio insignia. Some have ruching down the centre, most have cut-away thighs, some are strapless with bandeaus across the bust while others have just one shoulder strap.

If you feel that's a bit theatrical for you, then racing swimsuits, in particular the very elegant ones made by Speedo, are equally popular at the moment. My feeling about them though is that you need a well-nigh perfect figure to wear them. There is also the perennial bikini. These have become yet smaller, with the two main pieces often being connected by little pieces of string or beads.



This is one of the prettiest beachwear sets around. Made from pure cotton, there is a bikini, £17.75, and a matching wrap-around dress (£42.50). Made by Lactida of France, they are sold by Harrods and there is a wide choice of colours.



## PAPERBACKS

ANTHONY CURTIS

"THE DOGS BARK, but the caravan moves on"—it was with this Arab proverb that André Gide consoled Truman Capote for some hostile reviews of his early work. All writers should have the saying burnt in poker-work above their desks. Mr. Capote has often been accused of ungraciousness and irresponsibility, of a Barrie-like love of the Peter Pans of this world both male and female, of what used to be called high camp. He once described a tea-party given for Mae West in New York, "Dame Edith Sitwell was invited to pour..." One can imagine the gay shrieks at the idea of such a confrontation which never, alas, occurred. The accusations have a great deal of force behind them yet how well Mr. Capote can write!

I do wish it had been I and not Mr. Capote who described Marilyn Monroe thus: "... the rhythmic wriggling of restless pounds wriggling for room inside roomless décolletage..."

I have been acquainting myself with the two early novels on which Mr. Capote's reputation was founded in the 1950s, *Other Voices, Other Rooms* (Penguin 85p), and *The Grass Harp* (Penguin 60p). I see that both these little caravans are into their fourth reprinting since they were first issued as paperbacks in the 1960s. The latter has also been turned into a Broadway play. They are set in the legendary Deep South where Mr. Capote himself was raised; the lush landscape and eccentric adults, white and black, who people it are seen through the eyes of a bright, parentless, lost small boy. In the first book he journeys alone to the singular household of some cousins in search of his father. What he finds instead are parent-substitutes in the form of a female black servant and an older male



Left: Jersey of Sweden is one of the best beachwear labels to look out for. What I like about the company is that it produces co-ordinated collections so that you can usually find a top that goes over a swimsuit, a sundress to slip on over a bikini. This year there is a particularly attractive collection of pale blue and pink beachwear, all in cotton/polyester velvet or cotton jersey. Sketched here is a tiny bikini with string ties (£11.40) and a matching long-sleeved blouse T-shirt (£14.50). If you want a complete beach holiday wardrobe you could also buy matching one-piece swimsuits, a sundress, shorts and a halter top, all at very reasonable prices. The following shops

have a good selection of Jersey beachwear: Harrods, Dickens and Jones, Selfridges, Katherine Draisley of Birmingham, Young Ideas, Ashbourne, Derbyshire and Samuel Cooper of Wilmislow.

Above: Another example, though this time a very sophisticated one, of the de-ordinated beachwear by Jersey of Sweden. Called 'Diagonale' for obvious reasons, this set comprises a bikini (£11.40), a wrap-around skirt (£17.20) and a 'diagonal' (on the right) for £27.70. This set, only available in black and white, is made from a polyester fabric. All enquiries for Jersey of Sweden stockists should be addressed to: Linsey Fashions, 30-34 Langham Street, London, W1.

Anyone who knows Mr. Capote can have all the readings of his only from *Breakfast at Tiffany's* and in *Cold Blood*, by which a splendid two-disc album from time he himself had become a Caedmon, Dylan Thomas Reading. His Complete Recorded Poetry (TC 2014), it contains "Furn Hill", "Poem in October," "The Hunchback in the Park" and many other favourites. His merrily is that of Dylan daughter Aerwynn has now also become a poet and has gone 25 years ago since he died in into her father's business of November 1953. To mark this anniversary his publishers have issued the complete collection of his verse as a paperback, but it is well under control and Dylan Thomas *The Poems* edited by Daniel Jones (Bent £3.50), reading with another poet of it includes everything except Welsh background, Bryan Wal-Under Milk Wood. It has even been got one poem that is not in the *Thom Lougharne* (ZSW 578), hardback edition of 1971: this is: "This is a well-arranged pro- one of those pub poems that gramma made up of the two Paul Ferris talks about in his poem's own work, some of Dylan's biography published last year, including a lengthy, juicy chunk poem untitled, which has only of Milk Wood and also some recently come to light. It is reflections in prose by Aerwynn Thomas in his bawdy mood... on what it felt like to go back. Incidentally there are a great to Lougharne and find her old many recordings of his work home had become a museum and available. A full list would take the place swarming with all rather a lot of space but you grins from America.

## HOTELS



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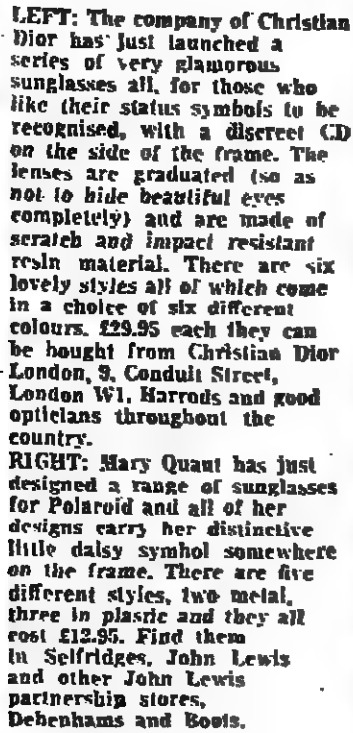
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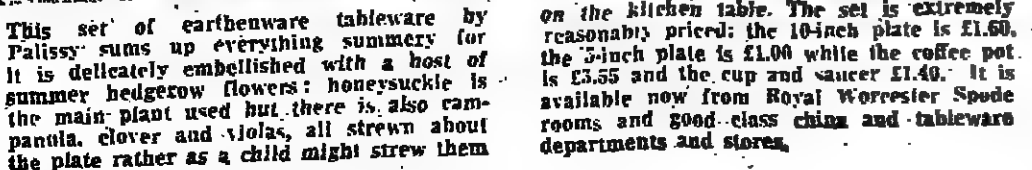
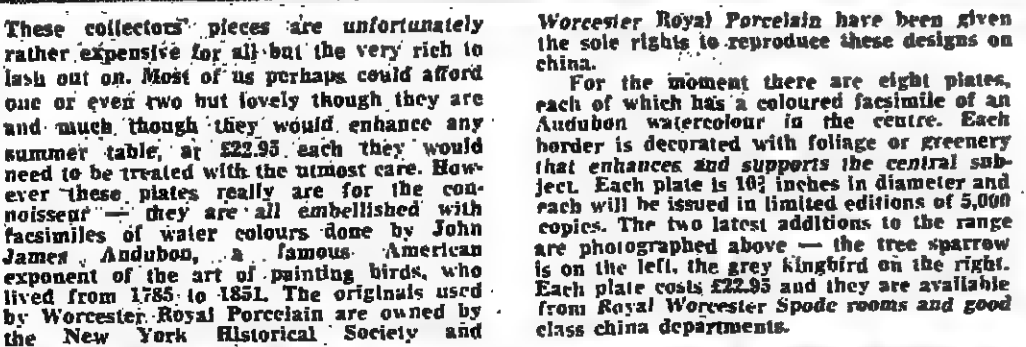
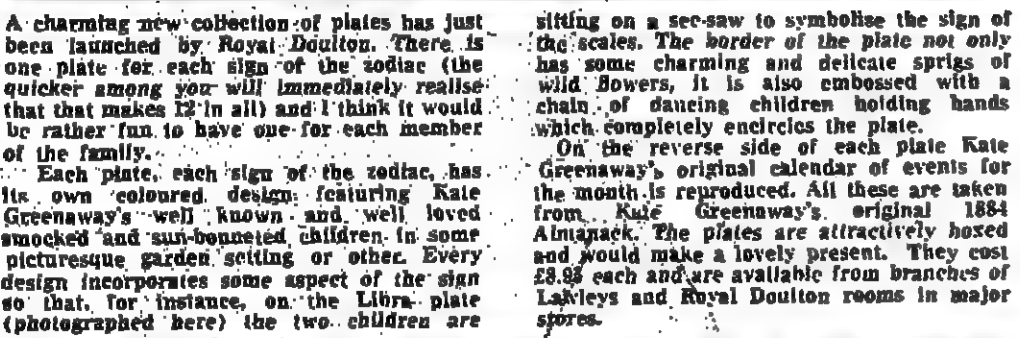
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I **THINK** summer tables should look quite different from winter ones. Just as, by the time summer comes round, I've got so tired of my winter clothes I can hardly bear to look at them, let alone put them on, so I like to change the look of the whole table to be more in keeping with (hopefully) hot, lazy, summer days. In winter I tend to aim for a rather rustic, farmhouse look for family meals, and for guests or evening dinners a more sophisticated, distinctly indoor look. When summer comes, I think in terms of flowers, birds and other outdoor things. For those who like to change their china from time to time here are three new designs from some of our big tableware companies.

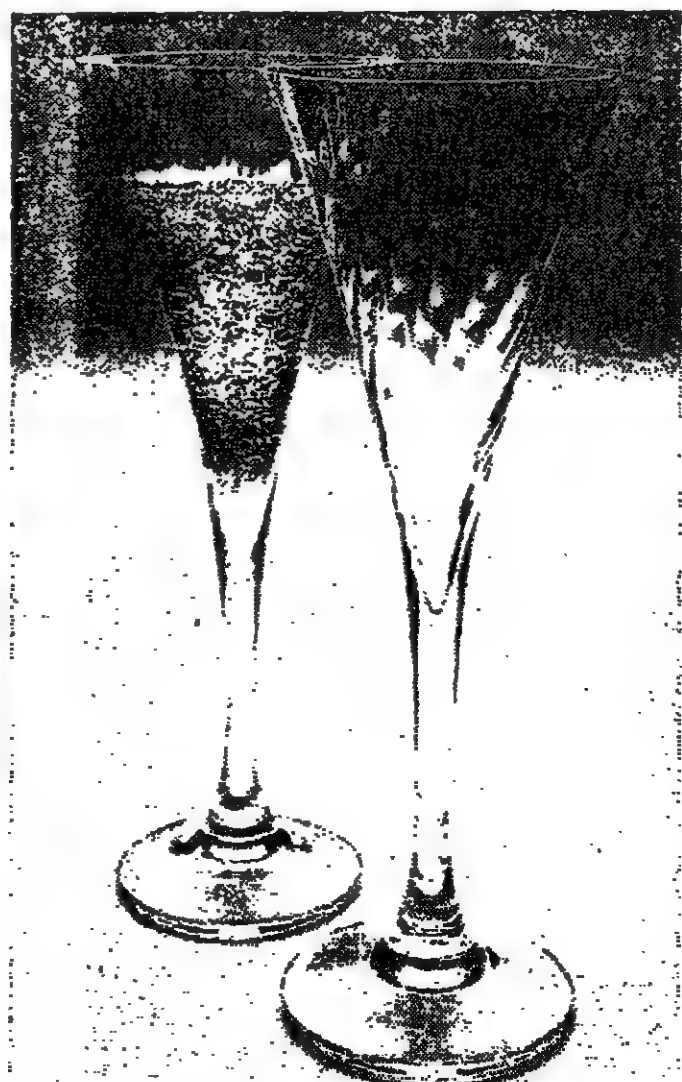


## A high-contrast, black and white portrait of a man. He is wearing dark, aviator-style sunglasses. His hair is short and slicked back, with a single white flower tucked into it on the right side. He is wearing a lei made of white flowers around his neck. He is holding a single white flower to his lips with both hands, as if about to kiss it. The image has a grainy, high-contrast aesthetic, with deep blacks and bright whites, giving it a dramatic and somewhat somber feel.

ONE OF the most attractive aspects of summer in my view is the clink of ice in glasses full of cooling - summer drinks. Because of hot weather is sporadic and so uncertain most of us don't have the truly formidable array of equipment needed for cooling drinks that is to be found in hotter climates. It is, for luck, almost impossible to track down a really attractive ice-bucket. Few people seem to have fridges with a continuous ice-making facility - almost a standard feature on most American frigids - and also the range of summer drinks most to our friends, or refresh ourselves with at the end of the day, is pitifully small. Though admittedly in Pimms we have one of the most refreshing of all summer concoctions. I hope to track down more genuinely useful hot weather survival equipment in the coming week but in the meantime here are three ideas, some inexpensive, one very expensive, to add a little lustre to the summer days.



▲ For drinks on the terrace what could be more practical than this rather elegant pitcher with its removable central cylinder into which you can place ice-cubes to cool but not dilute your summer drinks. The pitcher itself is made from glass with silver-plated trimmings, holds 2.2 pints of liquid and is 11½ inches high. What I like about the pitcher is that without the central cylinder it can be used, equally attractively as, for instance, a coffee jug. The pitcher is quite widely available in retail stores but it can be bought more cheaply by mail order from L. Bowtell (Despatching), P.O. Box 28, Ashton-under-Lyne, Lancs., where the price, postage paid, is £13.95.



Summer is a popular time for weddings and though most caterers still proffer these open cup-shaped champagne glasses I very much prefer to drink my champagne from taller glasses, like these from the Swedish firm of Orrefors. Particularly fine glasses, they are rather too expensive to buy en masse for large weddings, but for smaller celebrations at home they are just the thing.

Made from fine crystal with just a hint of a slight ripple effect in the main body of glass, these are called Helios and are sold boxed in pairs, for £12.60. They are available from Harrods and Liberty in London; C. Bownath of Oundle, Leicestershire of Knebworth, The Friar's House, Cambridge and Hendry Decor of Edinburgh. You can write to Orrefors U.K. Cambridge Science Park, Milton Road, Cambridge for a list of stockists.

WHEN I was very young, sunglasses were strictly for filmstars or Mafia chieftains. Anybody else caught wearing them looked miscast. On the odd occasion when I had a sty or conjunctivitis and wore them as camouflage they always brought forth some flippant comment. Nowadays, of course, they're almost as common an accessory as shoes or handbags. Almost everybody I know has at least one pair, most people have two or three.

However, whereas once it was a simple matter to decide which pair you wanted—you either needed prescription sunglasses, in which case you went to your optician, or you bought the shape you liked best—nowadays there are many new developments that make it difficult to weigh the advantages of one against another.

To start at the beginning—do you need sunglasses at all? The answer is that strictly speaking you probably don't. Most healthy eyes are able to make all the necessary adjustments to sunlight, however many people have discovered that they feel much more comfortable wearing them, they don't see glare as tired, they don't have to screw them up and they are often useful camouflage if very tired. I like to wear them to keep the dust out of my eyes in very windy weather.

Which 7, in its report on sunglasses last June, found that almost all sunglasses from the very cheap upwards were efficient at keeping out enough glare to stop you screwing up your eyes. Even all the lenses then tested (including the very cheapest plain plastic ones) were efficient at cutting down ultra-violet rays whereas with infra-red rays (which can harm the eyes, though there is seldom enough in Britain to create much of a problem) glass lenses were distinctly better than plastic, while mirror lenses were best of all.

Everybody I spoke to wished to emphasise that it is vital that sunglasses should not be worn in certain conditions—chiefly when driving at night (the new Highway Code, too, stresses this) or in poor visibility.

Of the main types of sunglasses on sale, ordinary plastic ones are the cheapest. These can be an added strain on the eyes if there is any distortion and a good way to find out if they are any good is by holding the glasses out at arm's length.

Look through each lens in turn, aiming at a vertical object like a window or doorpost. Rotate the lenses slightly, and you will find that the lens is of acceptable quality, the vertical image you are looking at will remain still. If it seems to move or alter shape, the quality is poor.

Flawed lenses mean that the eyes have to work harder to compensate for the blurred image so that your eyes may end up feeling more tired than if you weren't wearing them.

Both glass and plastic can provide good lenses—on the whole



The Coronation of Her Majesty Queen Elizabeth II took place on June 2nd 1953 and, to commemorate this historic occasion, Winston has commissioned leading artists and craftsmen to create a strictly limited edition of 750 goblets worthy of the occasion. It was made in full lead crystal, to give the unique brilliance and 'ring' of the splendid vessels to stand 7" tall with a 3 1/2" bowl in the traditional champagne shape. The air-twist stem is of the baluster type, incorporating a series of minor knots. The front is inscribed "Twenty fifth Anniversary of Coronation of H.M. Queen Elizabeth II 1978" and the base depicts Westminster Abbey and reads "1953 Coronation 1978".

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# COLLECTING/PROPERTY

## Personal taste

BY JANET MARSH

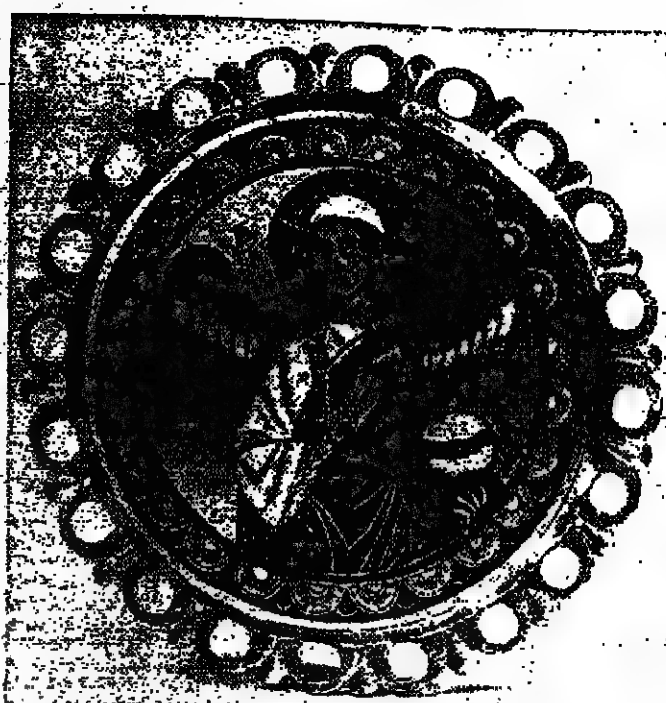
LAST WEEK in this column I mentioned the Robert von Hirsch collection, which is to be dispersed by Sotheby's in a series of sales between the 20th and the 27th of June. This week, until June 8, there is a chance to see a selection of von Hirsch's choicest treasures in an exhibition at the Royal Academy. In some cases the works of art are grouped exactly as they were in his home and treasure house in the Engasse in Basel.

Breath-taking as are the individual items, what emerges most strikingly from the exhibition and the four handsome volumes of the sale catalogue (selling at £40 the set) is the personality of the collector himself. It is impossible not to sense that von Hirsch was a man of enormous charm and humanity as well as an exquisite and highly educated taste; and this is confirmed by everyone who knew him or visited his collections. (Believing that people should come to art, and not art to people, Hirsch always welcomed students in his home but was reluctant to send his treasures to exhibitions outside Basel.)

As a collector, von Hirsch enjoyed the two inestimable advantages of time and money. When he died last November he was 94; and had begun collecting 80 years earlier when he and his brother together started the collection of French and German first editions which remained one of his great loves.

His first art purchases were made in 1907, when he bought Toulouse-Lautrec's *La Roussie au Carroux* and Picasso's *Scene de Rue*—by any standards discerning buys for a beginner. The Picasso was bought in Hirsch's native Frankfurt; and because it had left France so soon after being painted (about 1901) this wonderful, sombre painting of shabby people in a dark Paris street has remained for practical purposes, unrecorded until now.

Even in 1907, of course, fine first editions and Lautrec oils were not exactly inexpensive. Von Hirsch had gone into his uncle's leather house as a young man, and proved himself so good a businessman that he acquired his "von" from the Grand Duke of Hesse-Barbarossa, came from the



The Meissen Enamel Medallion attributed to Godefroid de Claire of the Angel Representing Operatic (Charity) from the Spandrels of the Savelot Recluse. Circa 1150.

had visited the factory, with his sister the Tairina, in 1913.

Hirsch was thus already a distinctly rich young man when his interest was turned in the direction of art and collecting by friendship with the newly appointed director of the Frankfurt Städtisches Kunstinstitut, of which he eventually became an administrator. Von Hirsch remained in Frankfurt until 1933 when political events caused him to remove to Switzerland. The price of permission to emigrate with his entire collection was the donation of Cranach's *The Judgment of Paris* to the German nation. When the picture was restored to him in 1945, he bequeathed it to the Kunstmuseum in Basel.

His friends say that his acute business sense never influenced his collecting; he always bought for love, and not investment (though with a connoisseur's eye like his, it was impossible to buy badly). Thus, the impulse for the unrivalled collection of medieval and renaissance works of art may well have been the collector's inability to let pass the opportunities of several exceptional sales in the late twenties and early thirties. In those years the Hohenzollern-Sigmaringen collections, the Guelph Treasure (donated between the 11th and 15th centuries to the Cathedral of St. Blasius by the rulers of Brunswick) and several other famous collections came on the market, while the Soviet Government sold off a group of treasures from the Hermitage.

One of the most celebrated pieces in the collection, the armilla or bracelet thought to be from the Imperial regalia after the Grand Duke of Hesse-Barbarossa, came from the

Hermitage. The enamel medallion form a reliable illustration here, is attributed to the same supreme 12th century artist, Godefroid de Claire, and came from the Sigmaringen collection.

Whatever he bought, however—medieval works of art, old master paintings and drawings, impressionists or the 20th century works acquired after his marriage to the sculptress Martha Dreifuss-Koch—he still exercised the same rigorous and personal taste.

Hirsch clearly admired in art—ancient or modern—the unmanipulated, the human, the none of the works at the Academy is ever aggressive in subject or technique. Everything is superb of its kind, whether a Byzantine ivory or a Sèvres sketch.

You detect areas of special interest. He clearly liked to find painters in uncharacteristic mood—Renoir painting snow ("Les Patineurs à Longchamps") which he regarded as "cette lepre de la nature." Lautrec a romantic and quite untheatrical portrait ("La Roussie") or a comical dachshund, Bonnard an irresistible sketch of three schoolgirls skipping on their way home. He also seems to have enjoyed seeing painters copying other masters: Van Gogh interprets Millet's "La Grande Bergère assise" and Cézanne a Rubens nude; Delacroix, Ingres, Cézanne and Redon all make copies from Holbein; and the impact of Michelangelo on Fuseli is revealed in his drawing of "Learning."

## State of play at half year

BY JOE RENNISON

WITH MIDSUMMER coming up soon and rumours of unending boom finally scotched (I hope) it is interesting to note what a couple of agents think about how the market has performed in the first half of the year. One is in a fairly restricted area on the south coast, the other has offices in many parts of the country—but the message seems to be the same. First the thoughts of Jackson and Jackson who operate out of the New Forest area.

Nineteen seventy-eight began with bitter weather, a shortage of houses, a surplus of buyers and ample mortgage funds. It was with this background that they witnessed a transformation from a buyers' to a sellers' market, and with this an inevitable increase in house prices.

The values have risen in the past five months by an average of 15 per cent, and whilst they continue to rise, they will expect there to be a further rise of at least 5 per cent over the year as a whole. They are forecasting that over 1978 it is likely that there will be at least a 20 per cent increase in values of most of the properties in the New Forest area.

The Government having placed a restriction on lending by building societies has caused an obvious slowing down in the time it takes for certain sales to proceed through to contract stage, and this has resulted in the building up of chain sales.

The type of property in demand at the moment includes 4/5 bedroomed family houses anywhere in the New Forest between £50,000 and £75,000. Terraced houses and bungalows are also popular close to village and town centres. Properties overlooking the Lymington River or the Solent continue to be keenly in demand.

Valuations have not been easy over the past five months, and it is now more the rule than the exception that properties are selling for the prices being asked, except in the few cases where prices have been wildly out of line. There have in consequence been a number of auction sales so far this year, but the majority of property still seems to be sold in the New Forest by private treaty. The

vendors are also beginning to realise the advantages of a sole agency, whereby they appoint one agent entirely responsible for the disposal, advertising, handling and negotiating for their property. This can avoid confusion as between agents and clients and, in the long run, sole agencies do in their opinion benefit both the vendor and purchaser.

Within the past month there has been a considerable increase in the number of properties coming onto the market in the New Forest. Vendors perhaps feel that after the long winter now is the time to sell, and especially if house prices are not going to rise quite so dramatically during the second half of the year as they did in the first half.

The possibility of an autumn election still remaining and, should we be going to the polls in October, it is bound to have a temporary holding effect on the market until the result is known. Jackson-Stops and Staff, who have many offices around the country, take a philosophical approach to the whole situation but basically remain well away from the bullish stance taken by some agents. They say that it is interesting to contrast the reasons behind the recent upsurge in house prices, as compared with the boom of the early 1970s, which came about almost entirely as a result of the steady increase over the preceding four to five years of people's purchasing power, in an almost static house market.

Since the rapid decline in values of late 1973 and 1974, which brought grey hairs to many a crown, at the frightening escalation of interest charges, where two properties were owned, often for lengthy periods, vendors have been extremely wary of purchasing an alternative property, until the sale of their present house was well under way. This trend was, however, completely reversed in late autumn of 1977 and has accelerated so much in recent months, to the extent that hardly anyone has been prepared to seriously offer their own property until an alternative had been secured. They consider that this unwelcome, though understandable trend,



has had a major effect in the upsurge of property values, by creating a totally artificial shortage.

Without exception, their offices throughout the regions, while extremely active, report a picture of depressingly little choice of property on the market for the time of year, which has naturally led to an unhealthy and over exuberant rush after anything at all attractive that comes on to the market.

A marked upsurge in the number of auctions is evident and, indeed, it is a bold agent that wells a property in advance of an advertised auction, when results are achieved like that of their London office, when a property known as Avon Cottage, near Salisbury, Wiltshire, a 16th century house with six bedrooms and three bathrooms, which was expected to realise £70,000 and for which a figure of £85,000 was paid. In Cumbria, the Lorton Park Estate, comprising a Georgian style country house, in need of extensive repair and having a tenanted cottage attached and some 27 acres of parkland, realised £117,000; a figure nearly double the anticipated reserve price. A more modest property in Cheshire, comprising an attractive period farmhouse in three-quarters of an acre, but requiring complete renovation, which had failed to sell at auction last summer, was re-offered this spring, having suffered a severe battering from the elements and vandals this winter, at offers in excess of £15,000. Such was the demand that over 12 offers were received the first week and it was sold for around £25,000, emphasising the trend towards modernising and restoring older houses.

Reports from their West country, East Anglian and Cotswold offices underline the ever buoyant market for country houses with land, but there

are a few signs that as more properties have come on to the market since Easter, the price increases have steadied and over-priced second rate houses are finding a slower market very different from the 1970s boom, where literally anything sold. In the £20,000 to £35,000 range the Government instigated mortgage famine has had a marked effect; more especially in their northern offices, where recently renovated four-bedroomed farmhouse with two and a half acres failed to achieve a single bid at a recent auction, although three buyers in the room expressed keen interest afterwards at a figure in excess of the reserve, provided a delayed completion date could be accommodated.

The market in properties in the coastal regions of the country seems unabated. The house with a boathouse in South Devon achieved towards £60,000, while a bid in excess of that figure was paid for a 17th century house in eight acres, near Conway, North Wales, and on the south-west coast of Scotland, near Kircudbrightshire, a three-bedroomed house of high quality, Norwegian style long houses, which were originally on offer at £10,000 are now selling for £17,500; a particularly good investment in a little over three years.

The buoyant market is not confined only to older country houses and, despite the high cost of new building, both our Midlands and North-West offices report unprecedented demand for one off individual four bedroomed houses on quarter to half acre plots, at prices up to £45,000 and at a recent auction in the Wirral Peninsula, twelve miles from Liverpool, a quarter acre single building plot realised the staggering figure of £18,500.

There are, they feel, darker clouds on the horizon, in the form of rising interest rates and increasing speculation of a "boom" and "guzzup" and General Election, a certain inevitable resultant crash damper on any property when it all comes to an end.

Strutt and Parker, acting on behalf of trustees, have been instructed to sell this very fine Georgian former rectory near Woodbridge in Suffolk. It comprises hall, 4 reception rooms, kitchen, utility room, 5 principal bedrooms and 2 bathrooms with 4 further bedrooms and bathroom and oil-fired central heating. Further land and also a modernised 3-bedroomed cottage might be available if required. Offers around £75,000 are being invited for the freehold. Strutt and Parker, 11, Museum Street, Ipswich, Suffolk.

market, which reluctant vendors would do well to heed. We have no doubt that a lot of the apparent hysteria experienced in recent weeks would disappear if more vendors were prepared to put their properties on to the market before they had purchased an alternative, this increasing the pool of available houses and helping to stabilize prices in their own interests.

Turning to the agricultural market, the steady increase in prices of top class farms continues unabated, with many European buyers coming into the market, reflecting that, even at £2,000 per acre, British land is cheap, in comparison to most other EEC countries, but expensive as it may appear when contemplating the purchase of a farm, it must not be overlooked that the price per acre indicated, often includes substantial capitalisation by way of farm buildings and invariably, a sizeable house, representing many hundreds of pounds per acre of the sale price.

In conclusion, they refer to their end of year report for 1977, when they predicted an uncertain market in the spring of 1978, but felt that prices should hold up and continue to rise steadily. If the usual spring influx of properties on to the market had taken place, these predictions might well have proved more accurate than what has in fact taken place.

Rapidly escalating property prices help no-one for, in the end, it is all relative and what really counts is the ability to buy and sell in the same market on equal terms. In other words, if one is contemplating a purchase, it is wise to contemplate a sale at the same time.

It is to be hoped that as more properties come on to the market, prices will tend to stabilise and may rise more slowly in the steady and we would be relieved of both the words "boom" and "guzzup" and General Election, a certain inevitable resultant crash damper on any property when it all comes to an end.

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Saturday June 3 1978

# Next month's Summit

UK AND U.S. markets were closed on Monday, U.S. banks on Tuesday: it has been a short week and a quiet one. In London, the demand for gilt-edged has again been held down by the feeling—even stronger since the return to a Minimum Lending Rate administratively fixed by the Treasury and the Bank—that the Government's targets for the public sector borrowing requirement and the growth of the money supply will be difficult to reconcile with one another. Either the Chancellor's commitment to strict control of monetary growth is to be dropped and the risk of rapid inflation to be ignored, the argument runs, or interest rates will have to move still higher.

Whichever alternative is chosen as the more likely, there seems to be little chance of rushing immediately into gilt, even though yields on long-dated stock have now risen above 13 per cent. The dilemma would be false if there were any prospect of the Chancellor announcing cuts in public expenditure to at least offset the post-Budget cuts in direct taxation, but there is no sign of this. With the probability growing of an autumn election, indeed, the markets seem to have dismissed this idea for the time being.

There have been two new factors in the past quiet week to strengthen the feeling that interest rates have not yet reached a peak. The first (of obvious, pre-election importance) is the outlook for mortgage rates, the second the forecasts of the National Institute.

## Mortgage rates

The net inflow of funds into the building societies has fallen sharply during the past few months. They have cushioned this fall to some extent by drawing on reserves (which implies large net sales of gilt-edged in contrast to large purchases last year) but will have to make their deposit rates more competitive if they are to continue lending at the same pace. It seemed possible that the Government, which asked them to restrict the size of their total mortgage lending when it appeared that house prices might rise sharply, would discourage them from taking in more money to lend. At this week's meeting of a committee made up of Government and building society officials, however, no objection seems to have been made to a rise in rates, which may now well be recommended.

ended by the Association either this month or next. The National Institute of Economic and Social Research usually devotes more space in its Review to incomes policy than to monetary affairs. This week's issue contains little reference to incomes policy but a monetary section which concludes that the Government will be able to meet its target for growth of the money supply without too much difficulty. The markets were probably less impressed by this conclusion than by the two conditions attached to it—that short-term interest rates will rise still further and that domestic credit expansion this year will be considerably higher than the figure to which the Government is committed.

## 1979 outlook

The difference between the growth of the money supply and domestic credit expansion is largely made up of movements on the foreign exchange market. Just as the money supply grew faster than intended while the official reserves, so it will be the easier to control while the reserve is falling: that is why the International Monetary Fund deals in terms of DCE rather than monetary growth. The reserve fell again last month, though by considerably less than in April. This was a direct result of intervention to support the exchange rate at around its present level—a policy which is being maintained—and might have been worse but for the weakness of the dollar caused by the latest U.S. trade and price statistics.

Monetary questions apart, the latest National Institute forecast is undoubtedly gloomy. It foresees a short-lived recovery in output this year as a result of higher consumer spending and capital investment, followed by a sharp deceleration in growth during 1979, accompanied by a renewal of two-figure inflation and a gradual rise in unemployment. The scope for unilateral action to offset this trend, moreover, is described as small—principally because it would reduce the prospective payments surplus, push down the sterling exchange rate and exacerbate inflationary trends. The economic outlook for the UK, in short, depends largely on agreement at the July Economic Summit meeting on measures to stimulate growth and trade. This week's failure by the Economic Policy Committee of the OECD to accept a set of forecasts and proposals put forward by its officials is not altogether promising augury.

# Why Mobutu needs a Western safety net

BY MARK WEBSTER IN KINSHASA

THE swift and dramatic intervention of French paratroops in Zaire's Shaba province two weeks ago did more than just protect European civilians and investment: it served yet again to save the political neck of one of Africa's greatest survivors, the country's President for the past 13 years, Mobutu Sese Seko.

For the second time in just over a year it required a foreign power to defend the territorial integrity of the second biggest country on the continent with its 25m people. That Zaire was unable to defend itself against a rebel force of about 2,000 says something about the ungovernability of the vast country and a lot about the state of its Government.

There is no doubt that the war in Shaba further weakened the position of President Mobutu both politically and economically. But as the meeting of Western powers in Paris on Monday will show, he is not without powerful friends abroad.

The Paris meeting will examine fresh ways of propping up the crippled Zaire economy and will also look at the country's security problems. But some countries, notably Britain, are known to have strong reservations about one idea currently being floated—that of Western support for the stationing in Shaba of a permanent foreign force drawn from African countries (such as Senegal and the Ivory Coast) which take a staunchly anti-Communist line.

The West has already made it clear that it is not prepared to provide permanent combat troops itself for Zaire and it is only a matter of time, probably one to three months, before the French and Belgians pull out.

But President Carter, speaking at the Nato Summit in Washington, underlined Western determination to stop the spread of Communist influence in Africa, and given Western aid, President Mobutu promises to remain a bulwark against Soviet and Cuban expansion in the continent.

It was this consideration, as well as humanitarian ones, which prompted the French and Belgians to drive the rag-tag rebel army out of the mining town of Kolwezi. But not before the rebels had delivered a devastating blow to Zaire's economic solar plexus. At first it seems surprising that the rebels could have done so much damage so easily, but a number of factors were working in their favour.

First of all they were among friends. The force which crossed into Zaire had its roots in the misleadingly named Gendarmerie, a paramilitary force formed by Moïse Tshombe when he declared the then province of Katanga (now

Shaba) independent in 1960. Some 6-8,000 of them were driven out of the country into neighbouring Angola when the secession was crushed and they have remained a thorn in Mobutu's side ever since he came to power in a bloodless coup in 1965.

## Psychological victory

The rebels were therefore of the same Lunda and Baluba tribes which inhabit Shaba. In many places they were welcomed by the population as conquering heroes and even some of the Zairean army threw in its lot with them. Without foreign intervention, there is no doubt they could have stayed as long as they liked. But there was no need for them to stay any longer—they had already achieved a

major psychological victory by driving the white population from Kolwezi. White technical expertise puts the iron in the country's otherwise anaemic economic bloodstream.

Western strategists believe the rebels intended to mount a hit-and-run raid. They were not simply ageing exiles hungrily for their homeland, most of them were young men well steeped in the ideology of their adopted country. Though there is no conclusive evidence of Cuban participation in the incursion, there is little doubt the rebels were Cuban trained and their aim was not simply the independence of Shaba, but the overthrow of Mobutu and the end of the Congo's pro-Western stance.

In the face of a well-armed and to begin with, well-disciplined force, the Zairean army melted into the bush. Demoralised by irregular pay, poor training and successive purges to stamp out opposition to the Government, it had no heart for a fight and left the European population as well as the Zaireans to the mercy of the rebels.

And the rebels will be back. Intelligence reports and satellite pictures suggest a fairly sizeable force may still be in Shaba preparing for another strike.

There is a very real panic atmosphere in the regional capital of Lubumbashi. It would not take much to put the entire white population of the town to flight and many are already leaving. If the whites went, the economy would break down.

The West obviously does not rest is not just the result of

resist interference in the murky world of Zaire's finances. However, the West is not only trying to prop up President Mobutu, it is also anxious to get Zaire back onto a "sound economic footing to recoup some of the \$2bn to \$3bn the country owes in both official and commercial loans."

One question Western nations must be asking themselves is whether, after the Shaba debacle, Mobutu is really still in control. He certainly thinks so, or he wouldn't feel comfortable leaving the country for a long trip around Europe and Africa now, while the country is in such a mess. And on his tour he will not have failed to point out to fellow heads of state that throughout the week-long Shaba fighting there was no hint of a sympathetic uprising elsewhere in Zaire.

The lack of sympathetic un-



more fact that Zaire is drawn on a map gives an artificial impression of nationhood which is still not widely felt on the ground.

Not that the President takes any chances. Since he came to power he has pursued an active policy of suppression of opposition, both real or imagined. The civilian population is watched by the secret police of the National Documentation Centre (CND) and in the army there is a parallel hierarchy to the military command which owes its allegiance directly to Mobutu.

There have been numerous purges in the army, especially after last year's fighting in Shaba. In March this year the President ignored international appeals for clemency and executed 13 people, including nine army officers, for allegedly plotting a coup.

Observers say Mobutu holds the country together with "mirrors, string and bits of chewing gum." But whatever Western reservations about the man and his policies, there is no one obvious alternative to him because he has taken pains to make sure there is none. Promising newcomers to the political scene are eased out before they can form a power base of their own.

The President continues to hold the reins, though the horse keeps bucking. His special plea to the West will be to bail him out economically, for the one thing which could finally overthrow him is the economy.

Most of the people are not against the President. But there has to be a change. When the people haven't got enough to eat they are going to go mad."

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said a diplomat. "But they won't put up with it forever."

Solving Zaire's economic problems would have been an appropriate task for Hercules. They dwarf those of many other less developed countries, yet they were born of the country's very prosperity during the boom in copper prices during 1973 and 1974.

It was at this time that Zaire began to borrow very heavily, without anyone calculating until too late how deep the country was getting into debt.

To this was added general economic inefficiency, notably in the agricultural sector: Zaire, once self-sufficient in food production, now has a food import bill of \$300m a year. The economy has become completely lapsed.

Copper and cobalt accounted for 80 per cent of export earnings just before copper prices slumped. When the fall came, Zaire's copper revenues fell to \$800m in 1975—less than half the revenue in 1973. Meanwhile, the debt servicing ration has increased dramatically.

## Economic package

An anticipated new loan of \$220m from a consortium of banks led by Citibank is in jeopardy. The loan depends on an IMF-designed "economic stabilisation programme" being implemented, but there is little likelihood of the IMF package being put into effect in the near future.

Gross Domestic Product is estimated to have declined by around 5 per cent a year in 1976 and 1977. The same pessimistic forecasts were being made for 1978 even before the fighting broke out. Foreign exchange is desperately short and will get even more scarce now that the mines, which provide about 80 per cent of months at a time. The price of foreign exchange earnings, are a sack of manioc, one staple food, is now the equivalent of a rural worker's monthly wage and the sacks, just enough to feed a family for a month, are getting smaller. In the country President Mobutu would be able to count himself secure for as long as he wanted to stay. But the rumblings at the moment as one diplomat in Kinshasa came mostly from people's said: "When I count my blessings, it's incredible what I get. I start by thanking God. I they have been putting up with." was not born to rule Zaire."

## Letters to the Editor

### Good life

From Mr. H. M. F. Mallett

Sir,—I read with interest Mr. J. Smith's letter (May 31), his second on the financial advantages of upping out and taking up what he describes as the "good life."

It seems that this has so far involved collecting unemployment benefit, tax and pension rebates, and a profit on amateur (private) improvement of a Victorian property. Ahead for Mr. Smith and his common law wife he larger, his as yet unanalysed profits from further development in much more expensive property fields; and even further on the horizon, dealing in the export of antiques, and writing books about them, mainly in order to be able to set off huge expenses against nebulous future earnings.

It may be too late for Mr. Smith, if he really exists, which does not worry me much, but in case your readers should be tempted to adopt a similar course a little amendment to the opposite direction seems timely.

Starting backwards, it is very difficult to make a living out of writing, even about antiques. You haven't only to write, you have to find a publisher. Tax men, as writers and publishers are aware (and as a bit of each, in a small but at least regularly profitable way, I should know) are resistant even to justified expenses against earnings. Overseas holidays spent on sunny beaches, allegedly researching, are just not on.

I am also reasonably convinced that trading in antiques is very risky and needs a fair amount of capital, not to say expertise. Developing properties privately owned on the assumption that prices always go up and that buyers and sellers are always around to suit your plans is one of the quickest ways to bankrupt the statisticians know. If ever I read a phrase portending doom it was Mr. Smith's analysis to the effect that "at an annual compound interest rate of 10 per cent the house could be sold for £100,000 in five years' time. The return is thus £10,000 a year tax free..." and the investment is safe." My father bought a house after the First World War and it didn't reach the purchase price again until the mid-fifties. Mr. Smith would do a lot better

to try to get his old job back, even to marry his common law wife in case the tax situation ever makes it worth her while to leave him and shack up with some more expert property developer (and of these aren't many of those, either, as the last slump showed). He could even develop, in due course, a sensation of leading the "good life" by making a contribution, through work and tax, to a society with many faults (who more aware of it than one of the self-employed?) but also many advantages. It can be great simply to feel that you aren't a parasite.

H. M. F. Mallett,  
1867 Gloucester-sur-Odon,  
Vaud, Switzerland.

Chapel Street,  
Bradford.

### Values

From Mr. D. M. Toft

Sir,—We are told that money is not wealth but a claim on wealth. Quite so, but the whole problem of money is that the State has appropriated to itself the monopoly right of producing what its subjects are obliged to accept as legal tender. This might work if governments could be trusted not to tamper with the purchasing power of these claims by recklessly increasing the supply of "claim units" thus defrauding their creditors and lowering the value of the means of exchange. The virtue of gold is that it acts as an automatic and universal regulator of the value of "claim units" and therefore acts as a constraint on governments and is abhorred by them for this reason. Because an increasing number of people no longer have any confidence in the ultimate managers of their wealth they are turning to gold which will establish itself as an authentic parallel system of exchange.

D. M. Toft,  
Warren, Cameron and Company,  
Godalming, Surrey.

### Gold hoard

From Dr. Geoffrey Middleton

Sir,—Mr. G. E. Lee (May 28) calls a distrust of the present international monetary system an "obsession" and suggests that permission to buy gold "as a commodity" would satisfy those who are alarmed at having to hold paper money. It is not just

a question of what people hoard—that can be done in gold now in most of western Europe—but of how to make investment in industry a safe monetary proposition. At the moment, a pound of paper money is, in itself, worth less than a pound of anything else, is inviting a certain long-term loss, the "financially incompetent" governments of the world, who both manage the currencies and do most of the borrowing, are really pursuing a policy of clandestine confiscation. It is the steadily growing realisation of this that is now producing the greatest slump the world has ever known.

The only two remedies for this as the late Jacques Rueff pointed out back in 1972, are the re-establishment of a gold standard or succumbing to totalitarianism. The attitude of the United States monetary authorities has always been alright, Jacques was right, and to let the world's currencies go hang. Merely sneering at gold is not going to save the dollar. And France's greatest economist happened to be right. When the government's Camille like the pound will be an avalanche of panic liquidation of credit and every-one will find, to their horror, that paper money has become of very little value. Then, in desperation, the lender will prevail, and Lenin (and Keynes) will have won the day.

Geoffrey Middleton,  
1867 Gloucester-sur-Odon,  
Vaud, Switzerland.

### Money control

From Mr. Malcolm Roberts

Sir,—The current impasse between the financial institutions and the government rests on the government's Camille like posture over monetary control. Bank lending to the private sector and overseas has grown by £1.7bn during the last three months, in sharp contrast with the fall of £0.2bn during the same period last year. On this case have already been present policies it is highly unlikely that the ECU limit can be met: indeed it would require the entire increase in institutional cash flow to be devoted to new gilt issues.

In order to break the deadlock a much firmer commitment to monetary control is required. Everyone knows that the banking system has moved to cushion itself against the imposition of

the corset—this is now a dead duck. But the banks' reserve asset base is uncomfortably high even though money has moved out of the country, and it is now up to the authorities to act on this. A 2 per cent call for special deposits would take £280m out of banks' liquidity and should quickly lead to a reduction in new lending.

This in itself is necessary at a time of strong growth in real income, but more important than this direct consequence will be the impact on sentiment in the gilt market and the beginning, at long last, of the government's funding programme this year.

Malcolm Roberts,  
Laing and Cruickshank,  
The Stock Exchange, EC2.

### Insurance

From Mr. Peter R. James

Sir,—The decision given in the court action Woolcott v. Sun Alliance and London Insurance should cause grave concern over the day of reckoning arrives there that presently exist between most major insurance companies and building societies.

The plaintiff in the action owned and insured a property for £200,000 through his building society in conjunction with his mortgage. The present state of affairs for the majority of building society borrowers. The Court held that what was at issue was, in fact, two separate insurance interests, the building society interest (the amount of the debt), the consumer interest (the amount available to the consumer after repayment of the debt).

As a result of this contention, it was found to be acceptable for the insurance company to pay out the building society's interest, but refuse the consumer indemnity under the policy, in this instance for non disclosure of a material fact.

Now the rights and wrongs of this case have already been decided, however, arising from it is the question that should concern us all "how far can the consumers' interest be prejudiced and how valid are the reasons given for so doing?" Under the present insurance company building society arrangement, there is no evidence in writing for any individual contract of insurance. There is no proposal form com-

pleted giving as is usual the information that a prudent underwriter needs to know before assuming an insurance risk. This does not, of course, remove the obligation of disclosing this information on the part of the consumer, it simply means he must disclose this information to the insurance company's agent, i.e., the building society, without being asked. This, of course, has alarming connotations: it assumes that the average consumer is aware of the questions the prudent insurer wants answered, and more importantly, there is the overt suggestion that the completion of a proposal form for household insurance is no longer necessary. The former is confounded by the very limited knowledge shown by the average person on all insurance matters. The latter is in fact far from the case. Household insurance has become far more complicated in recent years, especially with the advent of subsidence and which the worsening claims experience in the household insurance accounts of most insurance companies is documented fact, this has caused some companies to insist on a supplementary proposal form, in addition to the normal document, as more information, not less, is required on the property at risk.

The foregoing should confirm all potential building society borrowers to limit the property insurance with the building society to the amount being lent, and insure their own interest with much better regard to their own interest through their own insurance connections.

P. R. James,  
James, Hart Insurance Brokers  
Hucclecote,  
102, Insley Gardens,  
Hucclecote, Glos.

### Postman's knock

From Mr. Bernard Campton

Sir,—A bright and lightweight For wearing when the weather's warm Will soon be modelled in the streets By those we pay for postal fees. In short, another pleasing shock Will punctuate the postman's knock. As we behold our mailman cool Advancing through the vestibule.

I'd be a bounder to deride This bid to bolster Postie's pride. He should be dressed to play the part.

Possessed of clobber pressed and smart. Replenished in a well-cut suit With cut accessories to boot. A budding rose in his lapel. A subtle smell of rare Chanel. And footwear fashioned to compete.

With beetle-crushers on the beat. All this they're welcome to, and to match this finely-groomed appearance Is word we'll get a Sunday clearance. And though it's asking for the moon We'd also greet with warm regard A cheaper stamp on Christmas card.

Which postmen, out of hand, reject (It might earn profits, we suspect). So though it's nice to see our post Delivered by this well-groomed host. In suits salubrious and smart. The wearers ought to take to heart That some day postmen won't be needed.

If public pleas remain unheeded Bernard Campton,  
34, Trencroque Gardens,  
Manadon, Plymouth.

### Coinage

From Mr. David G. Thomas

Sir,—The real reason for the comparative failure of the Franklin Mint and many British Mints (David Lascelles, Collectables (May 27) is that the designers of their commemorative do not know their craft. Many of their designs are fit only for firework.

Unfortunately, the Royal Mint is little better, one has only to look at our present coinage.

If the designers would study the Georgian and Victorian Commemorative Medals they might be inspired anew. Until they are, or new designers found, collectors will, rightly, refuse to buy their productions.

David G. Thomas,  
24 Honliet Road,  
Bournemouth.

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# A £2m gamble on an 'impossible dream'

BY STUART ALEXANDER

AT THE moment I am saying to myself that the £2m gamble on an 'impossible dream' is a very large sum of money, though in comparative terms it is a pretty minimal budget.

To most people that will seem a fearful waste of a very large sum of money, though in comparative terms it is a pretty minimal budget.

So the announcement this week that British industry, and the general public, is being asked to sponsor the purchase and racing of a couple of boats to take part in the 1980 America's Cup series is not only a cause for eyebrows everywhere, particularly those of a few committee members on leading charities.

Not is there any guarantee that, after all this expense, a British challenge will reach the start-line off Newport, Rhode Island: against the American holders. There are five other challengers who must be beaten in a series of eliminators before the big battle begins.

Even the brochure inviting membership of a British Industry 1500 Club—minimum subscription £1,050, tax deductible up to the first 1,500 applicants—admits that the challenge is the pursuit of an 'impossible dream' though surprisingly it adds that it also feels the challenge is 'almost exotic'.

There will be no doubt in most people's minds, both in and out of yacht racing, that the project truly qualifies for the adjective exotic, and has about as much relevance to everyday sailing as a rocket.

and yet no British boat has ever won more than two of the best-of-seven series. And on an embarrassingly large number of occasions the Americans have won by a straight four-to-nil margin.

This time, however, there should be enough careful crew selection and enough opportunity for them to practise against other 'twelves' to ensure they are race-tuned and fit.

While the Americans have for some time been able to use a more accommodating tax system to encourage sponsorship, and the Swedes relied heavily on Volvo for their 1977 challenge, Britain has hitherto always depended on rich individuals to dig deeply into their own pockets.

Our last challenge in 1964 was financed by Mr. Tony Boyden, who is now chairman of the British Industry 1500 Club. Although he has underwritten the purchase of the first boat from Joyce Marine at Gosport, he obviously hopes that this time enough money will be put up by industry to keep his personal contribution within reasonable bounds.

The recruitment of Sir John Methven, director general of the CBI, as the club's president is a valuable coup. Apart from Sir John being an enthusiastic yachtsman and former RNVR officer, his ability to spread the gospel to all the most influential men in British industry is almost unrivalled.

On Mr. Boyden's other flank is Sir Peter Vannock, Lord Mayor of London, a 1900 Club vice-president and, of course, another yachtsman. That takes care of both industry and the City and involves the support of the two men who, between them, probably make more speeches to more men control-

ling company funds than any other pair in Britain. A dynamic duo indeed.

So the financial side is being handled professionally and an international public relations firm is there to back it up. The one-man crusade has given way to the business-like approach. It is now a commercial as well as a sporting enterprise. In the outline of the scheme it is an amateur sport and that the crew will be amateur. However, when the challenge was first explained to the British public, Mr. Boyden said that he expected employers to cast a benevolent eye on the time demands made on crewmen whom they employ. If not, he said, he thought that there would be companies who would be able to make arrangements to ensure that crew would have good jobs on their return.

That seems to be as delicate a dividing line as possible between professional and amateur status. However every-one is aware that there are professionals in yacht racing—staff of sailmakers and boat builders are most prominent—and before the war, when most yacht racing was truly a rich gentleman's sport, professional crews were the order of the day, and the order of the day was to work damned hard for your shilling.

With the most experienced men from the British Olympic yachting scene involved, the fitness and competence of the crew should not be a problem and the promised 100-day work-up in Newport ahead of the elimination series should mean that the best approach programme will be followed.

As for the design of the boat, or boats, some doubts have been expressed about the man chosen, Ian Howlett, on the grounds that he has not been in the mainstream of designing large winning yachts.

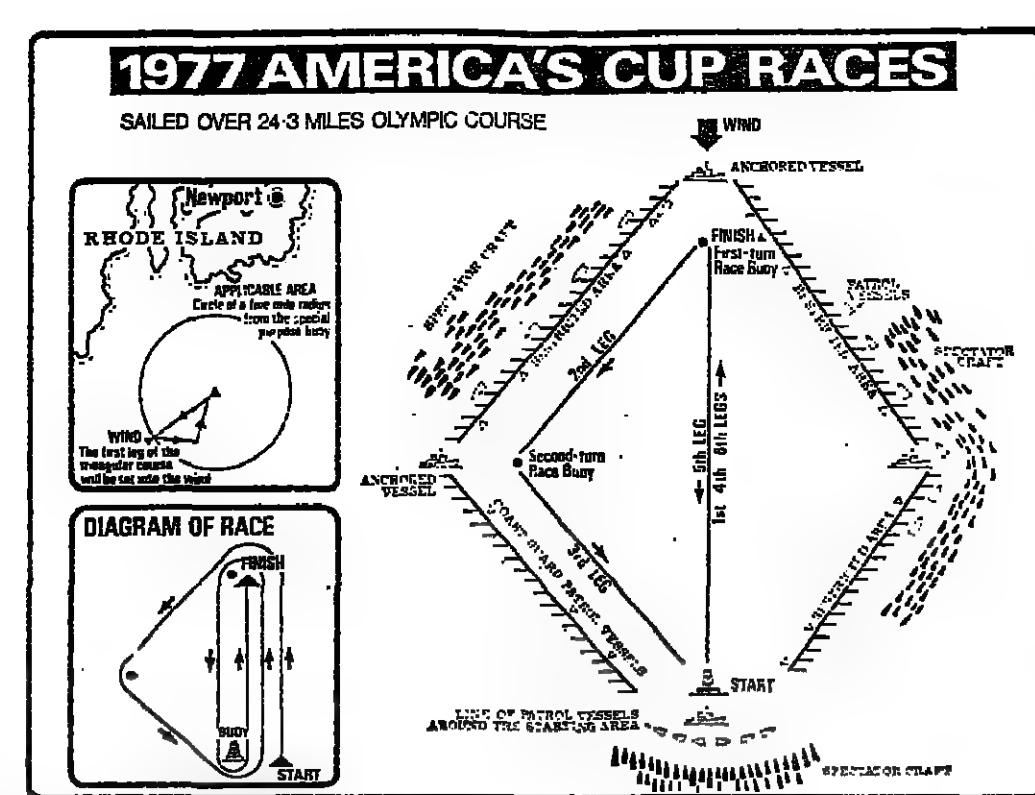
However, Mr. Boyden pointed out that 12-metre design has reached its optimum point, and in Ian Howlett's favour are seven years of playing around with tanks and wind tunnels of Southampton University.

Much more important will probably be the problem of producing a perfect suit of sails, and undoubtedly this is something that will exercise the minds of the committee considerably. Other equipment such as mast, spars and rigging, deck gear and electronics are well within the capability of a British yacht equipment industry as highly tuned as any of its world competitors.

To add a little glitz to the gingerbread, Southern Television proposes to sponsor a series of 12-metre yacht races in the summer of 1978 to which the French, Swedes and even Australians have been invited.

It is not clear how successful the idea will be, but the prospect of 12-metre racing in British waters again is a stirring one.

Even taking into account all the improved organisation, the hopes of a substantial budget, and the wealth of good crewmen to choose from, the million-dollar question is still: what is the chance of a British win?



Although two years may seem a long time, the first boat will not be in the water until next January or February. That leaves only 15 months at best before shipping out to Newport having first caught up on an area of sailing in which we have little experience and which is an art of its own.

Just to complicate matters, if to Britain the most important asset would be a smooth approach run: early and substantial cash flow, unhindered building of the first boat, good weather when it is launched to allow the maximum number of days on the water, and freedom from major gear failures. Any-thing like a large hiccuph naming contributors' names, would reduce significantly the prospect of success, for there will be little spare time in which to catch up.

The 1977 series cost a total of £10m. In 1980 this could easily rise to at least 50 per cent. The 'impossible dream' of playing with such expensive toys of competing so fiercely, of winning such an elusive prize has once again captured the imaginations of men who in any other business situation would know better.

The task of Mr. Boyden, and his very able committee, is now to turn fervour into hard cash. Whether the inducement of the use of a campaign symbol, articles written for use by local newspapers, advertisements naming contributors' names, and offers of a free limited edition colour print at the end will be enough remains to be seen.

## Weekend Brief

### Tour de force

There are several claimants to the title of originator of mass charter flight tourism, and one of them is Vladimir Raitz. Since the collapse of Horizon Holidays a few years ago Raitz has kept a lowish profile but now is bouncing back with some vigour. Even the old Horizon name glitters again since that brawny-quoted one-time offshoot of the former Raitz empire, Horizon Midlands, has been gradually shedding the second half of its name.

Raitz is not involved in Horizon Midlands in any way, his avenue of touristic venture over the past couple of years has been Mediterranean Holidays, a Malta based operation offering holidays to that Mediterranean island. Mediterranean Holidays has apparently prospered and Raitz completed his come-back to the establishment fold at the turn of the year when he was voted onto the Tour Operating Committee of the Association of British Travel Agents. Always a popular figure in the trade Raitz once again walks its corridors of power.

In about three weeks time we will see public evidence of the next stage of the Raitz-saga. Towards the end of the month the first copies of Raitz's new corporate brochure should be coming out, under the provocative title of Alcolidays. Raitz has moved into a non-executive post at Medallion to go off on his own path under this banner and will be offering wine, tours to various destinations this autumn. With such wine, notables and bon vivants as Cyril Ray, Alan Hall and David Peppercorn advising, and possibly escorting tours, Raitz will be turning trips to the Rhine, Tuscany, the Loire, Jerez, Oporto, Rioja and, of course, Champagne, Bordeaux and Burgundy.

"I think there is a great future for the specialist operator," says Raitz in his new Covent Garden headquarters. With giants playing the numbers game Raitz is looking for parties of 20-30 people a time for his trips. "I could have chosen stamp collecting or anything, but I happen to like wine, anyway the areas involved are beautiful." Already Raitz is plotting whisky tours for foreign visitors, vodka trips to Moscow, and talking about launching a wine club as an allied operation.

Initially his tours are likely to have to be done through an intermediary agent since the Alcolidays' ATOL (Air-Tour Operators' Licence) application is only now in the process of filing. Among the bodies which vet these applications is the Tour Operators' Council of AETA, on which body Raitz sits, so he will have the odd duty to leave the room while his request is discussed.

Meanwhile the argument rages over whether or not Raitz has chosen a suitable title for his trips. Alcolidays to some has a faintly-tipsy ring about it.



Raitz: new vintage

but Raitz is clearly determined to stick to it. At the moment he and his team are busy testing out the tours and the hotels—Raitz himself is just back from Portugal. I suppose these might be called dry runs.

### Low cut

Although spectacularly in the news from time to time the story about the Premier diamond mine in South Africa is that it is not very lucrative. Huge gem diamonds may be found there—the Cullinan, the Niarchos, the Taylor-Burton and the Premier Rose of 353.9 carats—but dividends have been few and far between.

Last year, Mr. Harry Oppenheimer, the chairman of De Beers Consolidated which has the controlling interest, confessed that Premier had not paid a dividend on deferred shares for 50 years and that preference dividends were 19



Oppenheimer: bright future

years in arrears. This was, as he put it, "grossly excessive." But the mine is too big to ignore, too honoured in diamond history to forget. Year after year it has produced around 2m

carats of diamonds, mostly of industrial quality and therefore not as prized as gem stones. Still, the sheer volume is roughly the equivalent of Angola's total yearly production before the civil war.

In fact, the discovery of Premier Rose—named incidentally after the South African lady who will mark it up and decided how it will be cut—is a 75th birthday present. Mining operations started in 1903, although De Beers did not gain control until 1917.

During the 1980s, a lean time for the diamond producers, the mine was closed down and when it re-opened in 1944, over 4bn litres of water had to be pumped out of its 189 metres depth. The mine was, and is, a huge hole in the ground.

Now a new life is about to start. There have been negotiations with the South African Government on leases and the way has been opened to extract diamonds from as deep as 800 metres; as plans to mine beneath a bed of waste some 80 metres thick come to fruition. This should see Premier producing well into the next century.

### Life style

TWO YEARS ago almost exactly world environmentalists held a huge warmhearted conference in Vancouver called Habitat and Human Settlements. Almost all the nations attended. The Canadians, proud that Habitat should be held in Vancouver, spent millions on it.

Improving the habitat of the world's people, especially those of the third world was the theme. Shantytowns had to go, rural land was to be made more habitable to stem the great trek to the cities to make more shantytowns. Environmentalist Barbara Ward wrote a book for the conference called Home of Man in which she said the world needed 47m houses a year.

Vancouver decided to press this week should have seen the ahead with a Habitat and Human

Settlements Foundation to get the whole thing off the ground. But what happened to Habitat?

Two years, and millions of words, later the foundation has not yet got a home, although one is promised in Nairobi.

Habitat has no executive director. The Secretary General of the UN has still to appoint one, and it has no money for its task of improving the world's life-style. World governments are supposed to pledge money to the foundation, but up to end January this year there was only \$1.56m pledged for the kitty, of which only \$380,000 had been paid up.

Dr. Mostafa Tolba, head of UNEP (the U.N. Environment Programme) who is caretaking the Habitat Foundation in Nairobi pending the appointment of an executive director and an administration, said a target of \$50m was a minimum for government's voluntary contributions for 1978-1981.

The permanent home is having to wait till a huge combined building for UNEP and Habitat is built in Nairobi. A temporary home has been provided in Nairobi, but nobody has moved in yet.

What environmentalists are wondering is why spend millions creating a new UN environment agency when a huge working environment agency, UNEP, is already in existence with a top manager and a specialist staff.

Could not the money be better spent, they say, advising and helping poor nations how to clear their slums and improve rural life styles?

But the UN machinery is grinding slowly on. An executive director of Habitat will be appointed, and he will occupy an office with an expensive staff almost next door to another environmental manager with another expensive staff, two years after Vancouver.

### Swell affair

with British Rail Seaspeed's new Super 4 hovercraft, the largest in the world. Technically the 300-ton craft has performed well, reaching over 70 miles an hour in tests, but a dispute, involving 18 pilots over a pay claim for parity with BR Sealink ferry captains, means the craft will not carry passengers until July.

In spite of this hitch some days ago a group of journalists and, significantly, engineers from the Belgium Marine Transport Authority, slid across the Channel from Dover to Ostend, ostensibly on a joy ride. For BR and the British Hovercraft Corporation, the ride had a vital commercial aspect. The real purpose was to carry-out test moorings in the heart of Ostend harbour. The data from the tests will aid a Belgian evaluation of the craft. Success could lead to orders for two £15m craft.

Would-be passengers, whose own rides have been hit by the pilots strike, are likely to be more interested in what happened to the landlubbers when they set off on a cushion of air bouncing through eight feet waves at 65 miles per hour.

Our pilot for the day was Mr. Bob Strath, operations manager of the British Hovercraft Corporation and not involved in the dispute.

We were promised "fresh conditions, a northerly breeze and a 1 to 1½ metre swell in mid-Channel." As the craft slid backwards off the ramp at Dover, the first sensation was of a draft of air up one's trouser legs. This later pale into insignificance as staunch British and Belgian stomachs coped with waves twice the size of those promised.

Those promises about mid-Channel conditions were remembered with some dismay when the wind picked-up to Force 7, the craft "slowed" to 50 miles per hour, and waves became grey concrete walls, over 8 ft high.

Stewardesses, some who had been with Seaspeed since its inception in 1968, served drinks and proudly proclaimed that on the older, unstretched SRN4 craft, the bar would have closed long ago, conditions were so rough. But few drinks, even on the monster Super 4 survived the swell. Stomachs and drinks rose and sank as in the fastest hotel lifts.

Sitting at the bulbous nose of the craft as it passed Calais 25 minutes from Dover, the "joy ride" passengers were noticeably relieved when Bob Strath said we would then follow the coast over sandbanks and shallow water. White-water racing followed, with the entire horizon seething with foam, as the craft accelerated for Ostend to be greeted on the local beach by awestruck locals.

To be fair to BR and the hovercraft company, it was an unusually rough day. But when sales of £30m and a potential rise in the use by Belgium of the new BR hoverport at Dover West are at stake, the show simply had to go on.

### Contributors:

Arthur Sandles,  
Paul Cheeseright,  
John Worrall  
and Lynton Maclean

## Economic Diary

SUNDAY—National Union of Public Employees conference—Mr. Alan Fisher, general secretary, speaks on wages policy, Alexandra Palace, London.

MONDAY—Mr. Merlyn Rees, Home Secretary, opens International Professional Security Association conference, Wembley Conference Centre. Mr. David Hire, purchase and other instalment credit business (April), Malcolm Fraser talks with Mr. Housing starts and completions (April), Mr. Eric Varley opens Vickers factory, Newcastle upon Tyne. Retail sales (April final).

TUESDAY—Parliament re-assembles after the Spring Holiday. Mr. Morarji Desai, Indian Prime Minister, arrives in the UK for three-day visit—lunch with foreign affairs. Mr. Malcolm Fraser, Prime Minister of Australia, arrives in U.K. for five days of talks. Indian Prime Minister continues talks at Downing Street, UK balance of payments (1st qtr).

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# WORLD COMPANIES & GOVERNMENTS

## Carlton Industries climbs to over £10m

PROGRESS WAS maintained by Carlton Industries in the year to March 31, 1978, with taxable earnings advancing from £7.1m to a record £10.38m on sales of £94.02m against £77.8m.

The group, which currently is the subject of a bid from the Hawker Siddeley Group, at half-time reported profit ahead to £4.92m (1977-78) with all three major trading divisions showing better performance and order books substantially higher than at the beginning of the year. The directors expected the full-year result to reflect this upward trend.

Lead acid battery activities for the year contributed £2.1m (£2.34m) to trading profit, which (£2.31m) (£1.54m) and householding £1.3m (£1.26m), while other activities including interests and overheads of the holding company cost £1.13m (£0.90m).

Stated earnings per 25p share based on the actual tax charge amounted to 26.1p (20.8p) and a net final dividend of 3.47p lifts the total to a maximum permitted 3.47p (4.92p) for 1977-78.

Meanwhile, Hawker Siddeley's formal offer for a 30 per cent stake in Carlton, in which London Merchant Securities holds 79 per cent, has been posted to shareholders. A 193p per share offer is initially being put to minority shareholders but LMS has agreed to make up any shortfall. As part of the deal, Hawker will sell the Crompton Parkinson battery business to Carlton for £4m cash.

Hawker will also make another bid for the outstanding Carlton shares in 1981, to be based on the price of 165p per share and adjusted for Carlton's performance over the next three years. In the document, Mr. Leon Roydon, chairman, and Mr. B. L. Bonfield, managing director, advise shareholders not to accept the first offer.

### comment

The outstanding feature of Carlton Industries results is the lead acid battery performance—this division's profits rose 30 per cent. With modernisation of plant and additional capacity, volume growth—especially on the heavy duty battery side—is more than a quarter higher. Meanwhile, exports to the U.S. continental Europe and the Eastern Hemisphere are picking up. Elsewhere, improving whisky demand will boost Invergordon while increased housing starts will give a further lift to Comben. This could put the company's target for profits of £14m in the current year. The shares closed 9p higher at 202p, giving a p/e of 7.8 on a low tax charge while the yield is 4.2 per cent. Obviously, at this level shareholders are sitting tight. The current 195p bid from Hawker Siddeley until 1981, when Hawker has undertaken to make another offer based on the increase in Carlton's profits over the next three years.

## Crescent Japan Investment

Crescent Japan Investment Trust has borrowed £10m for five years from a UK bank and deposited £2.43m with the bank as security for the loan.

The reciprocal loans of the

## Results due next week

The group of companies due to report figures next week ranges from the industrial group, Metal Box to the mining finance house, Charter Consolidated. These two companies, along with the 400 Group, are expected from De La Rue, Harrison and Crosfield and the 400 Group while Grand Metropolitan and Hanson Trust are due to provide interim statements.

Others to note are Land Securities Investment Trust (finals, Tuesday), Comet Radiovision Corporation (finals, Tuesday) and Guthrie Corporation (finals, Thursday).

Metal Box has already indicated that 1977-78 profits due on 30th day, will be down on the previous year's £37.8m. Analysts are generally expecting no more than £31m-£32m, though one is going as high as £34m. Most of the damage was done in the six months when MB turned in only £23.2m—there is little hope of much more in the second half. Admittedly, the 1977-78 October to March period was exceptional but in the year just ended, labour problems continued to accompany marketing troubles with new equipment in the company's Glasgow and Westhoughton plants. Overall the contribution from UK packaging could fall from £34m to under £30m pre-tax. Overseas, a poor South African performance, partly due to the bad fishing season, has probably been offset by better results in South East Asia and Nigeria. Better weather this summer and improved consumer demand should see MB over the £30m mark in the current year.

Results at Charter Consolidated are due on Tuesday and estimates vary from £35m to £45m for the

## DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corresponding payment	Total for year	Total last year
Barrow Milling	1.00	July 28	1.00	1.00	1.00
Carlton Ind.	3.47	July 28	3.47	3.47	3.47
Century Oils	2.08	Aug. 5	2.08	2.08	2.08
Downiebrae	1.39	Aug. 7	1.39	1.39	1.39
Scottish Ind.	2.31	Aug. 7	2.31	2.31	2.31
J. Smart	1.4	June 28	1.4	1.4	1.4

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 10 months.

company are all denominated in Japanese yen and now total £2.52m.

## Stag Line sees full year profit

WITH THE surpluses arising on ships, Photonics and Kelder Star, Mr. Nicholas J. Robinson, the chairman of Stag Line says it is expected that results for the full 1977-78 year will show a pre-tax profit of £2.5m.

Kelder Star was sold on May 20, 1978, at a surplus over book value of about £12,000. Photonics, which is being sold to a Japanese company, is expected to add value of some £30,000, he adds.

The group's new ship, 25,300 dwt bulkcarrier, Beonia, was delivered on May 23, and taking advantage of the recent firmness in the freight market, the ship has been fixed for a short time charter period at a rate of nine which will cover running costs.

Mr. Robinson says that on May 8 the Government announced that under certain circumstances it would be prepared to consider a limited extension of guarantees given on shipbuilding loans made under the Shipbuilding Act 1972. As Beonia is being sold to a Japanese company, Mr. Robinson says that directors have decided to apply for a three-year moratorium on the loan capital.

As reported on May 16 the company incurred a loss of £137,361 for the half-year to April 30, 1978, compared with a profit of £337,034 before a tax credit of £81,838 (£279,196 charge).

PRE-TAX profits of Barrow Milling, Dublin-based flour miller, bottler and soft drink manufacturer, more than halved from £508,850 to £214,113 for the half year to March 31, 1978, and was largely attributable to a sharp setback in performance of subsidiary, Boland's bakery and animal feed businesses.

In addition, a delay in granting increases in flour prices caused a sharp fall in flour milling profits in the second three months of the period, and the directors say that the outcome for the rest of the year will depend largely on the price of flour. There are signs that the co-operation of all concerned in the group's bakery rationalisation.

## Barrow Milling well down so far

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## Century Oils reaches £1.15m

ALTHOUGH SECOND half pre-tax profit advanced from £636,106 to £718,134, Century Oils Group ended the year to March 31, 1978, with a profit of £1.15m, compared with a peak £1,301,106 last year. Turnover improved from £17.54m to £20.36m.

In November, when announcing a £210,000 drop in mid-year profit, the directors said they were seeking to make up this shortfall during the second half, but full year profit would also be influenced by the national economy and industrial conditions during the coming months.

The full year result was struck after interest of £207,224 (£201,551), tax of £236,847 (£207,600) and extraordinary debits of £8,227 (£53,000), leaving attributable profit reduced from £1,038,506 to £298,289.

Earnings are given as 10.77p (12.86p) per 10p share, while the 1977-78 profit is raised from £1,294,747 to £1,301,106, with a final dividend of 2.31p.

Dividends absorb £238,142 (£207,885) giving a retained profit of £663,118 (£893,621).

### comment

Century's pre-tax profit was down at the halfway mark and although some of the balance was redressed by year end the final result is more than 10 per cent below that of the previous year. Century claims that the biggest factor in the downturn is the amount of time management was required to deal with the UK market, and preparing submissions for the Monopolies Commission hearing in addition, the group had to contend with the very flat trading conditions in the UK market.

Trading factors are likely to be relatively small compared to some of the other recent takeovers in the food wholesaling industry. The shares bought into the food wholesaling sector were acquired International Stores in 1972, Kearley and Tonge, which was a subsidiary of International, and was established in the earlier years of the company's expansion into cash and carries.

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## J. Smart may finish on £1.26m

WITH JUST under two months of its current year to run the directors of J. Smart and Company (Contractors) are forecasting a profit of £1.26m for the year ending July 31, 1978.

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## BIDS AND DEALS

### Greycoat to merge with Chaddesley

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

AGREED MERGER terms whether they should retain their announced last night for the quoted property and investment rather than accept the cash offer. Chaddesley's shares were sold will bring the former Sterling Land directors Mr. Stuart Lipton and Mr. Geoffrey Wilson back to the Monopolies Commission. Mr. Lipton and Mr. Wilson's private Greycoat Estates group—which is an equity partner in a number of major property developments with Standard Life Assurance including the £300m City of London development in the City of London—has reached a deal with Chaddesley.

Chaddesley plans to purchase the capital of Greycoat for 3.42m of its shares. At the same time the Greycoat directors have reached agreement to acquire 1.42m of Chaddesley's shares, 38 per cent from Chaddesley's major shareholder, the French group, Cap SA Compagnie d'assurance pour l'Industrie, for 161p a share. To complete the takeover, Greycoat's directors will extend this offer to the remaining shareholders.

But the offer document will advise Chaddesley holders of the offer to the remaining shareholders. But the offer document will advise Chaddesley holders of the offer to the remaining shareholders.

### BAT buying wholesaler from A.B. Foods

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

BAT Industries is adding to its interest in the food wholesaling business. Its wholesale subsidiary, Kearley and Tonge, is to buy the Alliance food company from its British owners. The deal, which means that A.B. is withdrawing from wholesale food distribution, will more than double BAT's food wholesale turnover. BAT's voluntary chain services will have a turnover of around £200m this year. The exact price, which will be paid in cash, still has to be agreed, but it is understood that the deal is relatively small compared to some of the other recent takeovers in the food wholesaling industry.

The deal was bought into the food wholesaling sector were acquired International Stores in 1972, Kearley and Tonge, which was a subsidiary of International, and was established in the earlier years of the company's expansion into cash and carries.

### Hepworth pulls out of Richards Tiles merger

BY JAMES BARTHOLO



UNIT TRUSTS

American strength still predominates

INVESTMENT MANAGERS still feel that the American market is the one likely to attract the most attention and U.S. funds—the United States are based on American funds or U.S. funds—continue to dominate the American market. The theme of the American market is still that the long-term movement of the market is upwards and that there is still plenty to go for by investing in the U.S. But investors have to decide whether to put their eggs in one basket—the U.S. market—or whether to spread it among other overseas equities. The Japanese and Far Eastern markets are looking strong at the present time. Such a decision can be implemented by investing in a fund that invests almost entirely in the U.S. or an international fund where investment can be switched to various centres as market circumstances dictate.

The aim of the newly launched Schroder Overseas Fund is to provide investors with an international fund with an initial emphasis on Wall Street. But minority holding will be in the Japanese market and the overseas equity market. Investors can switch into any of the overseas equity market. The fund is by means of a life bond issued by Schroder Life. Linked to this fund you need at least £1,000 to take advantage of the offer. The switching facility offers investors who get disenchanted with the overseas market the opportunity to move into other funds without suffering a tax penalty.

The Midland Drayton International Unit Trust also holds the philosophy that the managers should move funds around the world to maximize growth. At present two-thirds is in North America with the rest spread around the world. Minimum outlay is only £200. The London Wall International Fund from The Midland Drayton Group also holds this investment strategy, but such is the confidence in the managers' outlook for the U.S. that the whole of the fund is now in U.S. Safe as houses.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

Guest Keen and Nettlefolds conceded defeat in its effort to gain control of Sachs by withdrawing an application to the German Economics Minister to reverse the decision of the West German Supreme Court which blocked the deal.

Thomas Tilling has made a surprise £5m bid for Fluidrive, the Middlesex-based hydraulic coupling group. The offer comprises five Tilling shares for every eight Fluidrive. Although the Board of Fluidrive has yet to respond, the bid's success is likely to hinge on the reaction of the institutional shareholders who speak for around 27 per cent of the equity.

The three-month manoeuvring for control of the British School of Motoring with its captive new driver car buyer market ended with the announcement by Singer and Friedlander that Mr. Anthony Jacobs and associates will pay £7 cash a share for the capital of the companies that control BSM.

In a surprise move, Armstrong Equipment acquired a near 34 per cent stake in Cornercroft from two groups and announced a full-scale bid for the Coventry engineering group in which intermittent Boardroom/shareholder rows have been occurring since 1970. Shareholders are being offered 65p a share in cash.

Mitchell Cotts Group has now reached agreement on an offer to buy out the 22.9 per cent minority shareholding which it does not already own in its subsidiary Mitchell Cotts Transport. The share-exchange offer terms of two Mitchell Cotts Group shares for each share in Transport are considered fair and reasonable by MCT's directors who have accepted the bid in respect of their own shareholdings.

The minority shareholders of Edworks, the South African footwear group, are being offered 145 cents a share by the controlling Dodo family. The bid was foreshadowed two and a half years ago when the shares were suspended at 85 cents per share.

An agreed takeover for Newey Group is being made by William Frym-Werke, of West Germany, which already holds some 25 per cent of the Newey capital. The 65p cash per share offer is conditional on the directors of Newey and certain other shareholders pledging acceptances of not less than 15 per cent of the equity. The Board of Newey are recommending the offer and feel sure that the necessary underpinnings will be forthcoming.

Within two years, Kellogg Holdings expects to regain a full quotation for its shares if plans to take over Belgrove Assets are successful. Kellogg, which is bidding for the 50 per cent of Belgrove it does not already own, has now sent out the formal offer documents outlining the complex bid terms.

A bid is in the offing for Investment Trust Corporation

following an announcement on Thursday that the company had received an approach from an unnamed source.

Company bid for	Value of bid per share**	Market price**	Price of bid (£m)**	Value of bid (£m)**	Final Acct'ee date
Albright & Wilson	165*	163	123	97.34	—
Capital & County	130*	142*	87	1.37	—
Carding Group	20*	20	20	4.64	—
Carlton Inds.	165*	123	170	25.2	—
Cornercroft	65*	63	56	1.67	—
Customs Engineering	20*	22	19*	1.05	—
Harris	73*	73	35	5.07	—
Harris	90	88	90	109.89	—
Malaysian Ests.	20*	27	15	0.50	—
Henshall (W.)	30*	27	21	0.75	—
Henshall (W.)	20*	26	26	3.4	—
KCA Int'l.	60*	56	56	1.37	—
Kingside Inv.	146*	134	123	10.97	—
Land. Aust. Inv.	21*	26	19	0.32	—
Land. & Liverpool	25*	30	21	0.83	—
Marley Estates	200*	197	183	4.23	—
Mills Masters	84*	81	82	1.29	—
Mitchell Cotts Transport	65*	55	53	1.33	—
Newey Group	97*	99	97	7.72	—
Osborn (S.)	67*	64	46*	22.83	—
Pork Farms	96*	92	72*	78.64	—
RKT Textiles	206*	196	170	0.78	—
St. Kitts (London)	145*	137	124	14.50	—
Turner Mfg.	80*	85	84	0.40	—
Walker Sons & Co. (UK)	98*	97	88	1.60	—
Western Bros.	264*	183	188	31.43	—
Whitbread Dist.	80*	85	86	3.4	—
Young Austen	206*	196	170	0.78	—
Young	145*	137	124	14.50	—

\* All cash offer. \*\* Cash alternative. † For capital not already held. ‡ Combined market capitalisation. § Based on 1.877. ¶ At suspension. \*\* Estimated. †† Shares and cash. ‡‡ Based on 2.678.

Offers for sale, placings and introductions

C. D. Bramall: Placing of 1,333,000 Ordinary 25p shares at 70p each.

Scrip Issues

Blue Bird Confectionary Holdings: Five-for-four. Young and Co's. Brewery: One preference for six ordinary.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Alida Packaging	Mar. 31	722	(882)	18.0
Berkeley Hambro	Dec. 31	3,073	(875)	4.9
Perey Bilton	Dec. 31	3,140	(5,210)	9.2
John Bright	Apr. 1	506	(1,233)	3.3
Copper Neill	Mar. 31	5,230	(4,200)	20.0
Chapman (Bathm.)	Mar. 25	343	(371)	12.5
Churchbury Ests.	Mar. 31	278	(252)	5.2
Coalite & Chem.	Mar. 31	16,310	(10,215)	13.1
Comben Group	Dec. 31	1,300	(1,360)	2.5
John Crowther	Dec. 31	258L	(126)	Nil
Alfred Dunhill	Mar. 31	8,650	(9,220)	31.2
EMAP	Apr. 1	1,821	(1,068)	18.1
Lough Bros.	Jan. 28	215	(305)	6.2
Grant Bros.	Jan. 28	111	(147)	3.1
Invergordon	Mar. 31	2,800	(1,510)	12.4
Leaderflush	Dec. 31	120	(133)	6.2
Mountview Ests.	Mar. 31	958	(792)	9.2
Normand Elec.	Feb. 28	1,040	(410)	1.3
Grant Bros.	Jan. 28	5,174	(2,818)	22.5
Polly Peck	Mar. 31	29	(38)	0.3
H. Samuel	Jan. 31	10,400	(9,000)	24.7
Samsons	Feb. 28	1,650	(2,440)	8.8
Simon & Co.	Sept. 30	84	(103)	Nil
Alex. Stephens	Mar. 31	82	(440)	9
Twinkluc	Mar. 3	630	(1,570)	1.4
UBM Group	Feb. 28	3,100	(2,800)	5.2
Warnford Inv.	Dec. 31	1,854	(1,538)	8.7
Whiteley (BS & W)	Mar. 31	242L	(267)	Nil
Young's Brewery	Mar. 31	1,540	(1,491)	11.4

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Barclays Int'l.	Mar. 31	61,100	(35,900)
Carr's Milling	Mar. 4	456*	(370)
Joseph Causton	Mar. 31	288	(23)
Charterhouse	Mar. 31	4,470	(5,375)
T. Cowie	Mar. 31	700	(310)
Dublier	Mar. 28	465	(357)
Edinburgh & Genl.	Dec. 31	81	(57)
ION Enterprises	Apr. 30	14L	(16)
Kelsey Inds.	Mar. 31	73	(85)
Lonrho	Mar. 31	42,100	(30,000)
Marley	Apr. 30	7,335	(6,750)
M & G Group	Mar. 31	1,030	(430)
Northern Foods	Mar. 31	10,870	(7,025)
Oliver Rix	Mar. 31	165	(81)
Pleasurama	Mar. 31	481	(348)
R. J. Riley	Jan. 31	242	(1)
Sidwells Inds.	Mar. 31	111	(560)
Susan Hunter	Dec. 31	1,148	(2,887)
Wampin & Dudley	Mar. 31	3,064	(2,605)

\* Figures in parentheses are for corresponding period. Dividends shown net except where otherwise stated. † Adjusted for any intervening scrip issue. ‡ For one year. § For 15 months. ¶ Normally declared in August. †† For 26 weeks. ‡‡ For 27 weeks. § Not given. L Loss.

LAKE VIEW INVESTMENT TRUST, LIMITED

Managers—JOHN GOVETT & CO. LTD.  
Five-year summary of results

Year ended 31st March	Per Share Earnings	Per Share Dividend	Per Share Asset Value including 100% Dollar Premium
1974	1.69p	1.35p	69.0p
1975	1.77p	1.50p	75.0p
1976	1.77p	1.65p	100.0p
1977	2.37p	2.10p	106.3p
1978	2.66p	2.40p	120.5p

Total Net Resources £58,829,193  
U.K. 67.3%. North America 19.4%. Japan 10.5%

Points from Mr. C. Alan McLintock's review  
—Earnings per share show a rise of over 12 per cent to 2.66p out of which we are recommending dividends totalling 2.40p, compared with 2.10p in the previous year. The management remains committed, so far as circumstances will allow, to a continuing increase both in earnings and dividends.

—The future course of currencies is most uncertain, which underlines the need for all investment portfolios to have the international flavour which is provided by many investment trusts. At present we find the outlook for overseas markets relatively attractive and we hope to exploit them profitably in the current year.

—The world economic outlook remains overlaid with doubts about the extent and timing of recovery as well as continued threats of protectionism in the face of rising unemployment. At home we shall doubtless be faced with a General Election and all its accompanying uncertainty. Despite the sombre background, we believe our managers will continue to give a good account of themselves for the benefit of shareholders.

Scot. National nears £1m in first half

On gross revenue ahead from £1.3m to £1.45m Scottish National Trust Company improved revenue for the first half of the year before tax by £133,362 to £208,257 for the six months to March 31, 1978. With net assets up from £33.03m to £38.76m the value per 25p share reached 186p, against 172p at half-year.

The net interim dividend is raised to 1.40p (1.23p). Last year a final of 2.2p was paid from record revenue of £2.02m.

Tax for the half-year took £30,470 (£24,540) leaving the net balance at £203,517 (£247,855).

Lake View sees growth at moderate levels

Leaving aside the one-for-all consequences which might follow the lifting of dividend restraints, it is more prudent to expect a growth rate at Lake View Investment Trust comparable with that seen in 1977-78 than the exceptional advance achieved the year before. Mr. Alan McLintock, the chairman, advises members.

As known taxable revenue for 1977-78 jumped 50.43m to £1.88m while for the past 12 months it was up only 10.16m to £1.88m.

Matthews Wrightson

The London market problems which necessitated the large debt provision by Stewart Wrightson, have been brought under control as far as the group is concerned. Mr. E. J. Gordon Henry, the chairman of Matthews Wrightson, said at the annual meeting.

Discussions are continuing with the Norwegian consortium over the involvement in ship operating but it may be some time before they produce results. Meanwhile

Invest in America now with Tyndall

\*A stake in the world's richest economy.  
\*An opportunity to invest when US shares are still cheap.

Many shrewd investors see the good sense of having a part of their investment in the US now. Tyndall believe that US shares today still stand at attractively low prices and that the economic facts justify further substantial rises.

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On such fundamentals as profits, dividends and assets, American shares are now cheaper than they have been for a long time. Yet the US economic indicators are strongly favourable, with an inflation rate of 6.7% last year and a rise in GNP of 5% in real terms. Corporate profits too continue to grow at a sustained pace.

This is why Tyndall believe that now could be a good time for investors to put some of their money into America.

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Investors can now benefit from a unit trust managed by Tyndall, the London Wall International Fund, which is now invested exclusively in American shares. The Tyndall Group have extensive experience in American investment from their substantial overseas involvement over the past 10 years.

The portfolio of investments concentrates on those leading US shares which Tyndall believe are now especially undervalued. For your information the estimated gross commencing yield on 3rd May 1978 was 2.15% and the offer price 33.0p.

You can invest from £500 upwards in the London Wall International Fund. For further information, including a statement of investments, please complete the coupon below or telephone Tyndall at London 01-242 9367, Bristol (0272) 32241, or Edinburgh (031) 225 1168.

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IR PORTFOLIO HITS NEW HIGH

WHILE the FT index itself continues to move sideways, second and third line stocks are hitting new highs in many instances. Throughout the past few months, INVESTORS REVIEW, the City's fortnightly magazine, has stuck to a policy of clipping only medium and small companies, a policy that has taken its Trading Portfolio to a new all-time peak. Other recommendations the paper has also issued well: the two traded options recommended last issue for insurance doubled in price in the three or four days following publication date. This is the kind of performance readers of INVESTORS REVIEW and the weekly IR MARKET LETTER (for whom Barker and Dobson have doubled in eight months, Sharma Ware has put on 150% in a year, and Southern Pacific Petroleum 30% in two weeks) have come to expect.

All in all, a joint subscription to both magazine and letter—costing just £20 a year—is the kind of value that's hard to beat.

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Interim Statement

At a Board Meeting on 1st June, 1978, the Directors declared an Interim Dividend per share of 0.5p net (0.495p) due payable on 26th June, 1978. In respect of the year ending 31st July, 1978, Members holding approximately 50% of the shares have waived their right to this Interim Dividend.

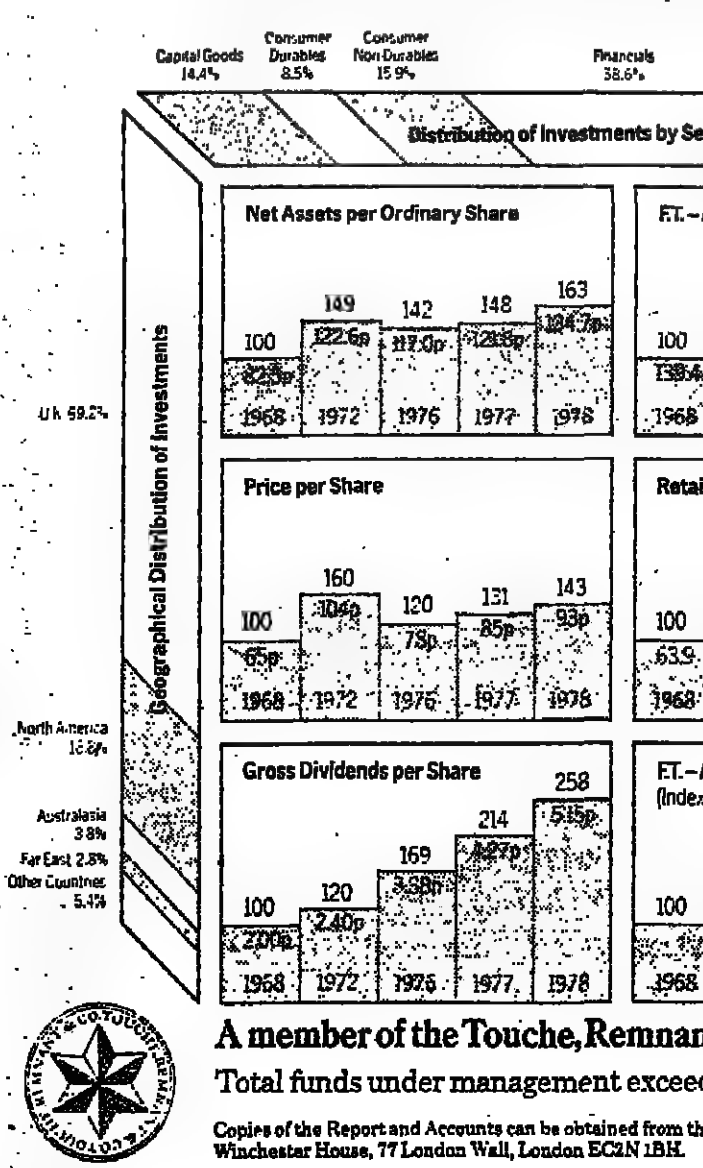
It is estimated that for the current year Group Profits before Tax will not be less than £1,255,000 (£1,722,072) made up of Trading Profits of £1,179,000 (£1,717,148) and Profit on sale of Investments, etc. £76,000 (£44,924).

These results are a reflection of the highly competitive conditions prevailing in the industry at the present time and the severe weather conditions during the past winter.

Subject only to unforeseen circumstances, the Board will recommend to the Shareholders, in due course, that the Final Dividend per share for the year to 31st July, 1978, be 1.4475p net (1.32052 pence), this being the maximum permissible under the current restrictions. The Board is conscious of the fact that in recent years the Dividend has not kept pace with the cost of living or the Company's earnings capacity. Therefore, should the opportunity arise, it is the Board's intention to give consideration to the question of the Dividend with these factors in mind.

The Trust Union, Limited.

Total Assets at 31st March, 1978 £34 million.



Chown cuts halftime loss

With turnover down at £232,610 against £477,862, Chown Securities reduced its pre-tax deficit from £285,541 to £164,778 for the half-year to December 31, 1977. For all the previous year, a loss of £588,000 was incurred.

The result compared net rental income of £67,635 (£79,853), subject to net expenditure of £78,616 (£97,233) and interest of £155,797 (£248,089). No tax is payable (same).

After a surplus of £114,904 (£136,870) on reduction of property now realised transferred from capital reserve, a deficit of £30,248 (£36,774) surplus over book value on disposal of property, and a £50,000 (nil) surplus on exchange of loan stock, the loss for the period emerged as £29,232 (£91,897).

UBM GROUP

Profits of the UBM Group recovered from £2.68m to £3.6m in the year ended February 28, 1978. Due to a typographical error the comparative figure was given at £3.1m in yesterday's report.

**APOLLO**  
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Mr. D. G. F. Rawlinson, regional director Northern Region, National Bus Company.

Mr. H. A. Ray, national secretary, Food, Drink Tobacco Agriculture Group, Transport and General Workers' Union.

Mr. P. M. Rogers, director-general, Liverpool Cotton Association.

Mr. G. E. Reid, director, Text. and Jute, Harrison.

Other persons attending the meeting were:

Now, the Britannia Building Society and Royal Insurance Company come together to bring you the double benefits of a high-return investment plan with the added security of substantial life assurance cover.

This plan, which is open to investors between the ages of 20 and 55 next birthday, with a minimum investment capital of £1,200. (maximum £15,000—£30,000 for joint accounts) combines the advantages of a Britannia Investment Account with those of a Royal Insurance 'with-profits' Endowment Assurance. The plan is for a 10 year investment term, with the Endowment Assurance premiums being met from the lump sum deposited with the Britannia.

On maturity this plan will yield:

(i) The sum remaining in the special investment account after payment of the Endowment Assurance premiums. (ii) A maturity bonus of £3 per £100 invested. (iii) The sum assured under the Endowment Assurance plus bonuses accrued.

From the Britannia	£
Amount remaining in building society account	2,397
Marriage bonus	180
From the Royal	
Guaranteed unsecured	3,378
Guaranteed bonuses	3,401
Estimated Total	10,856

The example is only a guide to the way in which the benefits of the marriage bonus, jointly account, 5% premium bonus and 10% bonus will be calculated. The actual amounts will depend on the individual's circumstances and the amount of the marriage bonus. The example is based on a marriage bonus of £1,000. The actual amount will depend on the individual's circumstances and the amount of the marriage bonus.

**Special Options.** Under the provisions contained within the plan you may, if desired, effect subsequent policies without evidence of health for the purpose of:

- (i) Mortgage repayment by the Endowment Assurance method.
- (ii) A further 10 years Endowment Assurance with profits for the same sum assured on the same life. Both the options are subject to limits and conditions current at date of application.

For further information, contact your local Britannia branch office. Or return the coupon.

## Turnover at 10-month low

ECONOMIC uncertainties continued to curb investment interest in May. Subsequently, Stock Exchange turnover contracted for the fourth consecutive month to reach its lowest since last July despite the fact that there was one more trading

Business in all securities fell £1.6bn, or nearly 14 per cent., to £10.95bn. This compares with the year's high of £14.7bn in January and last September's all-time peak of £22.4bn.

The FT Stock Exchange turnover index for all securities fell from 357.0 in April to 308.1. Last year's average was 442.6.

A sharp fall in gilt-edged business, particularly in short-

dated securities, was the main reason for the fresh decline.

Trade in all British Government Securities fell £88m. to £5.2bn. and the number of bargains was 3,174 fewer.

Penetration the mood by falling from 71.28 at the end of April to a 1978 low of 69.92 before ending the month a net 1.15 down at 70.13.

Business in ordinary shares benefited from the lack of invest-

The average value per bargain in gifts decreased £60,187 to £1.7bn. This is the highest since last October's £1.9bn.

or rose 54.380 on the month to 368.981 and the average value per bargain increased 5193 to £4.660. The FT equity turnover index for ordinary shares was 306.8 in May compared with

Equity Prices made progress in thin trading conditions last week with buyers finding the market

Despite the general gloom economic picture and a crop of disappointing trading statements from leading companies, which included Bowater, Coats Patons, Marks and Spencer and Unilever.

the FT 30 share index rose from 485.7 at the end of April to 488.3 on May 12 before closing the month 13.1 points higher on balance at 478.8.

Gold shares, reflecting a 51.7% rise in the price of gold, were up 1.5 points at 17.5.

month's depressed levels, which stemmed from the U.S. Treasury's decision to auction 300,000 ounces of gold a month for at least six months. The FT Gold

% of total	Average value per day	Average value per barrel	Average number of barrels per day
100	100	100	100
90	90	90	90
80	80	80	80
70	70	70	70
60	60	60	60
50	50	50	50
40	40	40	40
30	30	30	30
20	20	20	20
10	10	10	10
0	0	0	0

Category	Value of all purchases and sales £m	% of total	Number of bargains	% of total	Average value per day £m	Average value per bargain	Average number of bargains per day
British Government and British Government Guaranteed Short Dated (having five years or less to run)	4,092.3	40.7	22,242	4.6	194.9	183,990	1.88
Others	3,077.1	30.6	34,381	7.5	146.5	84,579	1.79
Irish Government Short Dated (having five years or less to run)	382.3	3.8	1,310	0.2	18.2	29,185	0.2
Others	353.9	3.5	7,728	0.6	14.8	129,720	0.6
U.K. Local Authority Overseas Government	289.4	2.9	10,029	2.1	13.7	28,765	1.8
Provincial and Municipal Fixed Interest Stock	12.2	0.1	1,963	0.4	0.6	4,234	0.4
Preference and Preferred Ordinary Shares	729.6	7.3	39,497	8.2	6.2	3,282	2.1
Ordinary Shares	10,815.4	17.1	348,981	74.4	81.9	4,668	21.6
TOTAL (Categories 1-8)	9,799.6	100.0	483,331	100.0			

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## هكذا آمن الأشعل



## COLD STORAGE HOLDINGS LIMITED

### Annual Report and Accounts for the year ended 31st January, 1978.

Summarised statement of the Chairman, S.R. Parter to be presented at the Annual General Meeting of the Company in Singapore on 17th June, 1978

**RESULTS**  
Group sales for the year at \$193.5 million were 7% ahead of last year's level of \$180.2 million.  
Profit for the year ended 31st January 1978 amounted to \$21.43 million as compared with \$21.65 million in the previous year.

**DIVIDENDS**  
A final dividend of 6 cents per 100 stock unit payable on 15th June, 1978 is recommended by the Board and is subject to the approval of the shareholders. The dividend of 4.5 cents paid in January 1978 amounts to the sum of \$7,122,103, being the same total distributed as last year.

**CAPITAL**  
At the Extraordinary General Meeting held on 18th July, 1977 a bonus issue of one stock unit for every three units held by stockholders on that date was approved, increasing the issued capital of the Company to \$88,421,422.

**TRADING & MANUFACTURING ACTIVITIES**  
Supermarket division made an increased contribution to profits this year, particularly in Malaysia where the partnership with Kum Guan Fong is working well. Plans for the major reconstruction envisaged for our Orchard Road Property is under revision for final approval from Government.  
The recently extended meat processing facility is expected to continue its progress in sales to export and domestic markets. The dairy and beverage manufacturing divisions showed further improvement, but escalating manufacturing costs, severe competition and price controls narrowed profit margins.  
The low manufacturing and bakery sections of the business continued to make a steady contribution to Group profits.

**NEW DEVELOPMENTS**  
To conform with Malaysia's New Economic Policy the next phase of reconstruction of the Malaysian operations is under consideration. In Sabah an ice cream plant in partnership with local interests is expected to commence operations at the end of May.  
The refrigerated warehouse at East Penang is currently being extended to cope with future demand for these facilities.  
The first joint venture in New Zealand commenced with a 50% equity participation in Wellington Cold Storage Ltd. and a further extension of this modern refrigerated warehouse is planned.  
In a further move to expand the export business, a trading office has been established in Hongkong and a subsidiary company Cathay Foods Ltd. has been formed in the U.K. A number of local joint venture projects are currently under review in West Asia.

**OUTLOOK**  
Initial expenditure associated with the development of new projects and the high cost of our continuing replacement and modernisation programme tend to restrain profits in the short term but should provide a stronger base from which to sustain the future progress of the Group.

**DIRECTORATE**  
M.V. Oule becomes Deputy Chairman and General Tan Sri Ibrahim bin Ismail was appointed to the Board.

**MANAGEMENT**  
Tan Yam Pin and B.J. Barton were appointed Director and General Manager of Cold Storage (Singapore) Pte. Ltd. and Cold Storage (Malaysia) Sdn. Bhd., respectively.

**SALENT FIGURES FROM THE ACCOUNTS YEAR ENDED 31ST JANUARY, 1978**

	1978	1977
Turnover	193,500,000	180,200,000
Group Profit before Taxation	21,430,000	21,650,000
Depreciation for year	3,827,000	3,588,000
Dividends (net) interim and proposed final	7,122,000	7,122,000

A copy of the Company's annual report and accounts is available upon request to The Secretary, Cold Storage Holdings Ltd., Empire Dock, Singapore.

Authorized Agents: G.S. Yip & Co. Pte. Ltd., 5, Spring Street, Singapore, N.S.W.  
London Agents: Yip & Co. Pte. Ltd., 10, Eastcheap, London, EC3M 1AS.

## INTERNATIONAL COMPANY NEWS

### HONG KONG STOCK EXCHANGES

## Merger meets opposition

BY ANTHONY ROWLEY IN HONG KONG

FROM AN overseas point of view, the moves gaining pace to merge the four existing stock exchanges here—the Far East, the Hong Kong, the Kowloon and the United Stock Exchange—must appear sensible and tidy. The internal politics are formidable, however.  
There would have been more than four exchanges had not securities legislation been brought in around the time of the great Hong Kong stock market boom in 1972-73 banning the formation of further exchanges. A fifth exchange was about to open when the ban came in, as stockbrokers, commodity brokers, lawyers, accountants and all sundry bought seats.  
Another headache will be finding suitable premises for the new body to operate from. Officials here admit that there is no building in the Colony capable of providing the 20,000 to 25,000 square feet of space that would be needed for the four exchanges to operate on one floor. As a compromise, the new exchange might have to operate from two floors, initially at least.  
There are in fact plans in existence already for the Far East and Kowloon exchanges to share trading floors as a first step towards closer union, and possibly full merger. The Kowloon and Hong Kong are expected to follow suit, so that within six to nine months the four exchanges should be operating on two, instead of four, floors.  
Many brokers argue that the merger of the four exchanges effectively into two units is as far as rationalisation needs to go, particularly if the initial links develop into full mergers. Given inter-exchange trading, which exists here already, and unified trading and listing rules, planned for this year, the four will be as one anyway, the brokers argue.  
Brokers are also cynical about the cost benefits which Mr. Haddon-Cave has pointed to in justification of his pressure for a merger. The more wealthy exchanges, such as the Hong Kong which derives a great deal of its income from investments, foresee a substantial leakage of capital from the system in the event of existing exchanges liquidating after the formation of the new one, and thus high costs for those brokers who choose to become members of the new exchange.

The assumption is that many of those who bought seats on the stock exchanges in the boom five years ago—they included lawyers and accountants who sat in before the 1974 securities ordinance banned such people from membership—would opt out. Market turnover has slumped to levels where no members are thought to have made a profit last year and once-lucrative private issue activity, including private placements, has largely dried up.

The projection of a better image abroad for the Hong Kong stock market as a whole, which Mr. Haddon-Cave foresees resulting from the merger is not something which impresses the broking community here overmuch. Neither is the supposed ability of foreign institutional investors to monitor prices more closely on one exchange instead of on four.  
Most of the overseas investment in the Hong Kong stock market nowadays comes from the overseas Chinese in south-east Asia, with London probably being the second most important source and Switzerland the third. There is some U.S. investment and Japanese portfolio investment here is said to be on the point of revival.  
A good deal of this investment is channelled through the bigger brokers and the banks, who deal through all four exchanges here, anyway, the leading stocks being quoted on all of them. It is argued that, with inter-exchange trading in operation since last August, prices are rarely far apart. Common listing requirements, which are being introduced regardless of whether the exchanges all merge, may impress disclosure-conscious U.S. institutions but they will hardly sway Chinese or even Japanese investors, brokers argue.

One official argument which looks inconvertible, however, is that common listing and trading rules (covering settlement and delivery) would be easier to police through one exchange rather than four, and that this would enhance the credibility of the Hong Kong market with outsiders.

**Commission rates**  
The exchanges are thought to oppose being merged into one on the grounds that it will end their ability to compete on commission rates around the national level—currently 0.5 per cent on equities except in the case of banks, for which it is 0.25 per cent. The banks, it is said, like to play off the exchanges against each other on commission rates.

The Securities Commission, however, says that in the end it will be forced to "competition among brokers, not among exchanges, and on service rather than commission rates."  
Even so, there are some real doubts about whether the Government will succeed in getting the merger implemented by 1980 and whether it is, at the point, the Government would overcome its traditional reluctance to interfere in the private sector and legislate for a merger. A test may be Mr. Haddon-Cave's success or otherwise in getting the merger through the present proposals, taxing of banks' offshore profits through the Legislative Council here in July.

**Stakes changing in Proton Chemical**  
BY LEO GONZAGA  
MANILA, June 2.  
Filipianisation in the corporate scene in recent weeks. Earlier, foreigners took over control of Diabrot for Products Philippines Incorporated from Filipina. Diabrot, a manufacturer of diamond drill bits, used to be a subsidiary of the copper producer, Lepanto Consolidated Mining Company. Diamant Board S.A. of Belgium bought 17 per cent of Lepanto's 51 per cent holding in Diabrot as well as the ten per cent combined Diabrot holdings of two other Filipino stockholders, Maribacraft Incorporated and P. D. Ocampo—making a total of 27 per cent.  
Proton, which is registered with the government's Board of Investments (BOI) as a preferred pioneer enterprise, informed BOI the other day that the two Japanese partners have raised their equity in the company from 40 to 51 per cent and that Coco Chemicals, the former majority owner of Proton, has just become a minority joint venture participant.  
The reaction of the government is not yet clear as this point. There is no ceiling on foreign investments in preferred pioneer enterprises. But such an enterprise, where non-nationals own more than 40 per cent of the total equity, is required to "Filipinise", or bring down foreign ownership to the prescribed ceiling within a certain period.  
Earlier moves  
The Filipino equity in Diabrot was thus reduced to Lepanto's 34 per cent, while the foreign equity was expanded to 66 per cent, made up of the 27 per cent recent acquisition by Diamant and the existing 39 per cent held by its Australian-based subsidiary, Boart Pty. Limited. The majority ownership change took place without Board of Investments approval, since the area of activity involved is not covered by the 60 per cent minimum nationality requirement.

## Stakes changing in Proton Chemical

BY LEO GONZAGA

MANILA, June 2.

MAJORITY OWNERSHIP of Proton Chemical Industries, which is undertaking a coconut-based chemical manufacturing project, has changed from Filipina hands to Japanese. Until recently Proton was a 50-50 joint venture between Coco Chemical Philippines and two Japanese partners, New Japan Chemicals Company and Toyo Soda Kasei Kaisha.  
Proton is setting up a processing complex consisting of a methyl ester plant and an alcohol and plant in Altamora Town, Quezon Province, on the Pacific side of the main Philippine island of Luzon. Both plants will utilise coconut as their main processing material.  
The impending Japanese takeover of majority ownership of Proton will be the second de-

## TRAVIS & ARNOLD LIMITED

National distributors of timber, building materials, plumbing and central heating equipment to the construction and allied trades.

Extracts from the Chairman's statement year ended December 31st 1977.

Profits before tax for the year were £3,794,000 against £4,232,000 the previous year.  
This year it has been decided to follow recommendations of the Accounting Standards Committee Exposure Draft 19. As a result net tangible assets for ordinary and deferred ordinary shares have increased to £18,336,000, equivalent to 22.15 pence per share.  
Profit margins for general building and plumbing materials came under pressure as a result of the continued low level of activity in the construction trade. During the year private housing starts fell by thirteen per cent and public sector starts by over twenty per cent. Prices of softwood, plywoods and wallboards fell sharply in the second half and we felt it prudent to reduce the value of certain timber stock holdings at the year end.

The indications are that the sustained period of lower interest rates and high levels of lending by the Building Societies are leading now to a revival of confidence by house builders and that the rest of the year will show an improvement in building activity.  
E. R. Travis  
April 1978

Copies of the Report and Accounts are available on request from The Secretary, Travis & Arnold Ltd., St. James Road, Northampton.

66 At the top of the table, on our "Unit Trust of the Year" is M&G Recovery Fund. DAILY EXPRESS 12/2/77. The top performing unit trust of 1977. M&G Recovery Fund topped the list with a 66% increase in value over the last 12 months.

FROM £12 A MONTH  
To: M&G GROUP LTD., THREE GAVES, TOWER HILL, LONDON EC3N 8BQ. TELEPHONE 07-626 4588.

I WISH TO SAVE £ each month in the M&G Recovery Fund (plus £22). I enclose my cheque for the first monthly payment, payable to M&G Trust (Assurance) Ltd. I understand that this payment is only provisional and that the company will not assume risk until formal notification of acceptance has been issued.

NAME AND ADDRESS OF USUAL DOCTOR (to whom reference may be made)  
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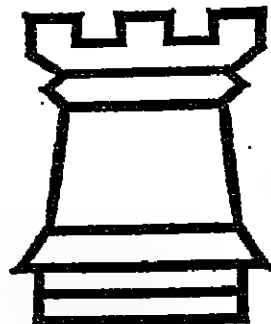
EXTRACTS FROM THE STATEMENT OF THE CHAIRMAN, MR. W. L. SIMS OBE, ON THE ACCOUNTS FOR 1977 ADOPTED AT THE ANNUAL GENERAL MEETING HELD ON THE 2ND JUNE 1978.  
\* Export sales increased by 42% to £9,057,000.  
\* Machine Tool Division increased its turnover by 63% in 1977 and continues to expand its business in 1978.  
\* Major setback experienced in 1977 trading activities in France, but remedial steps which have been taken will overcome the difficulties.  
\* Revenue reserves now stand at £8,797,000.

	1977	1976
Group turnover	19,991	15,831
Profit before taxation	1,755	1,735
Net profit after taxation	1,230	1,511

	Pence Per Share.
Earnings before taxation	38.55
Earnings after taxation	25.62
Dividends	5.88
Transfers to reserves	19.76
	26.17

WADKIN LTD., WOODWORKING MACHINERY & MACHINE TOOLS, GREEN LANE WORKS, LEICESTER LE5 4PF

# Sears Holdings Limited



## Results for the year ended 31st January, 1978

	1977/78	1976/77
Turnover	£m	£m
	981	793
Trading profits	74.7	54.0
Group profits before taxation	65.5	42.5
Group profits after taxation	28.9	14.4
Proposed dividend	11.6	10.4
Added to reserves	13.1	6.0

Turnover at £981m was 23.7% up on 1976/77.

Profits before tax rose from £42.5m to £65.5m, an increase of 54.2%.

Earnings per share 6.2p (3.6p).

Dividend increased from 2.31p to 2.58p per share.

A revaluation of the group's properties shows a surplus of £155m.

A one-for-one scrip issue is proposed.

### Extracts from the Chairman's Statement

It gives me great pleasure to pay tribute to Sir Charles Clore who retired at the end of last year after serving as Chairman of your Company for 25 years. From a group which had about 8,000 employees, gross assets of £10 million, turnover of £10 million and profits before tax of £1 million, it has now become an international group with over 60,000 employees, gross assets of £750 million, turnover of £981 million and profits before tax of £65 million. It is an achievement which must be almost unique in the modern business world.

I am very pleased that Sir Charles has agreed to remain a director of your Company and will continue to involve himself with our affairs, primarily those overseas, which will be of immense help to us in our expansion programme.

We continue to invest in each of our activities and have confidence in the future, based on our inherent strengths of assets, liquidity and manpower.

It is your Board's intention to continue our present policies of consolidation and expansion of our businesses, enlarging them where possible, particularly in Europe and North America.

The Sears group is primarily engaged in the retailing and services industries. If the U.K. economy improves, we should benefit in all aspects of our businesses and I look forward to an increased group profit in the current year.

LEONARD SAINER

Copies of the 1977/78 Annual Report and Accounts may be obtained from The Secretary, 40 Duke Street, London W1M 6AN.

# 9.6% per annum paid quarterly

ALL EQUITIES

**Why all equities?**  
Schlesingers' Extra Income Trust is a trustee investment and offers one of the highest returns currently available from a unit trust invested only in ordinary shares.

Whilst the managers could obtain a still higher yield by including some fixed interest investments, such investments cannot increase their dividends and also have less potential for capital growth. The all-equity portfolio of the Schlesinger Extra Income Trust, by contrast, maximises the potential for growth of income and capital.

**A current opportunity**  
By careful selection of sound stocks including attractive recovery situations and well-researched regional equities, Schlesingers provide a particularly high equity-based yield.  
However the growing relative attraction of ordinary shares with very high yields suggest that such yields may not be available to new investors indefinitely.

Indeed, many investors have recognised the urgency of securing this opportunity by placing over £9m in the fund since its inception in May 1977. Over this period, the unit price has risen 24% and the FT Actuaries All-share Index 17%.  
We therefore recommend immediate investment at the current, high rate of return to gain the potential of capital appreciation. Your investment should be regarded as long-term.

**Schlesingers' PIMS service**  
Minimum investment in the fund is £500. Investors of £2,500 or more will receive the Schlesinger Personal Investment Management Service (PIMS) which includes regular investment reports and invitations to meet the investment managers.  
**Schlesingers—specialists in the management of private, institutional and pension funds**  
To: Schlesinger Trust Managers Ltd., 140 South Street, Dorking, Surrey.  
Weekend and Evening Answerphone Tel. Dorking (0306) 86441

I wish to invest £ (minimum £500) in the Schlesinger Extra Income Trust at the fixed price of 31.2p x d.  
I wish to have my dividends re-invested ☐  
I would like further information, including details of Share Exchange ☐  
A cheque is enclosed in remittance, made payable to Mulland Bank Limited.

Surname (BLOCK LETTERS PLEASE)  
First names (in full)  
Address  
Date  
Signature (In the case of a joint application all must sign.) FT3/6

**Schlesinger Extra Income Trust**

## INVEST IN 50,000 BETTER TOMORROWS!

50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown—HELP US BRING THEM RELIEF AND HOPE.

We need your donation to enable us to continue our work for the CARE and WELFARE OF MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through MEDICAL RESEARCH.

Please help—Send a donation today to: Room F.1, Multiple Sclerosis Society of G.B. and N.I., 4 Tachbrook Street, London SW1 1BJ

## M&G RECOVERY FUND FROM £12 A MONTH

Widely acclaimed by financial journalists and investment advisers, M&G's Recovery Fund, designed to produce capital growth, ended 1977 as Britain's best-performing unit trust. It also leads over the two year and six year periods. It has a policy of buying the shares of companies that have taken over hard times. Many of these companies recover, and through a process of careful selection M&G has been able to bring high returns over the years to Recovery Fund investors.

This fund enables you to start a regular Monthly Saving Plan with the Recovery Fund through a life assurance policy for as little as £12 a month, and you are normally entitled to claim tax relief at current rates of 52% for each £100 paid. On a 120 Plan, tax relief at present rates can bring down your net monthly cost to only £10.50, with which you buy units worth considerably more.  
Regular investment of this type also means that you can take advantage of the inevitable fluctuations in the price of units through Pound Cost Averaging, which gives you a positive long-term advantage, because

your regular investment buys more units when the price is low and fewer when it is high. You also get the cover of at least 180 times your monthly payment throughout the period if you age at entry is 54 or under. An element of 60 times cover for higher ages, up to 75.

If you cash in or stop your payments during the first four years there is a penalty, and the tax authorities require us to make a deduction, so you should not consider the Plan for less than ten years. 81% to 94% of the first ten years when an additional 20 per cent is intended to meet starting-up expenses. After two years, therefore, the amount invested will, in most cases, represent more than 100% of the net amount you pay after tax relief is taken into account.

Investors should regard unit trusts as a long-term investment and not suitable for money needed at short notice.  
The price of units and the income from them may go down as well as up.  
M&G is a member of the Life Offices' Association.

At the top of the table, on our "Unit Trust of the Year" is M&G Recovery Fund. DAILY EXPRESS 12/2/77. The top performing unit trust of 1977. M&G Recovery Fund topped the list with a 66% increase in value over the last 12 months.

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WADKIN LTD., WOODWORKING MACHINERY & MACHINE TOOLS, GREEN LANE WORKS, LEICESTER LE5 4PF







# Semperit expects to stay in red this year

By Our Financial Staff  
SEMPERIT, the Austrian rubber concern, turned in a sharply increased loss last year and expects a similar deficit for 1978. The company's 1977 loss of 1.5 million Sch. 50 (S\$) was a result of a sharp decline in sales and a rise in costs. The company's 1978 loss is expected to be around 1.5 million Sch. 50 (S\$). Semperit is controlled by Creditanstalt-Bankverein, Austria's leading bank. With a turnover of over 1 billion Sch. 50 (S\$), it is one of the largest companies in Austria. The company's 1977 turnover was 1.2 billion Sch. 50 (S\$), a decline from 1.3 billion in 1976. The company's 1978 turnover is expected to be around 1.2 billion Sch. 50 (S\$). Semperit's 1977 loss was 1.5 million Sch. 50 (S\$), a result of a sharp decline in sales and a rise in costs. The company's 1978 loss is expected to be around 1.5 million Sch. 50 (S\$).

# Granges to sell shipping side as losses mount

By John Walker  
GRANGES, the Swedish steel, shipping and engineering group, told shareholders at the annual meeting that plans to divest the loss-making shipping division were in hand. Earlier hopes of saving the shipping sector have been abandoned. The chairman, Hans Wessberg, and the managing director, Dr. Abrahamson, said that they had hoped to keep the sector afloat but it was now out of the question. For 1977 the group's losses have amounted to Kr 881m on turnover of Kr 5,100m, which gives an accumulated loss of Kr 1.6m (S\$15m) for the past two years. But, Mr. Abrahamson said that he hoped the loss would be heavily reduced this year and that the company could well return to profit in 1979. During 1977 Granges disposed of its mining and steel operations to the semi-state owned steel company SSAB, closed down its offshore engineering operations and cut back its civil engineering operations. The company's shipping division will maintain a staff of about 400 crew, and some 50 administrative jobs at the company's headquarters. DANISH chemicals group Superfos plans domestic and foreign investments totalling Kr500m over the next three years, chairman Mr. P. Soltoft told the annual meeting yesterday. Overall profit this year is expected to be "considerably improved" in comparison to 1977, providing the current foreign exchange value of the krone is maintained. Fertiliser sales had been "particularly good" this spring and the group expected that the second half of the year would also see favourable sales on home and foreign markets. In 1977 Superfos made pre-tax profits of Kr1,070m on sales of Kr2,950m.

# Dollar slide underpins bond revival in Germany

By Jeffrey Brown  
WITH this week's consumer price statistics putting double figure inflation rates in the U.S. beyond doubt, international money has been flooding back into the hard currency centres of Europe. In the domestic bond market in West Germany this has been reflected in some very sharp price movements over the past few days, notably among longer maturities with ten year bonds rising by more than two points on average. The Bundesbank has been reversing earlier support policy and selling substantial amounts of stock—in the first two days of the week central bank purchases totalling DM 178m but subsequent sales have swamped this figure—and dealers are once again beginning to speculate on the possibility of a revival of the new issue market. Much depends on the success or otherwise of this week's tender in Kassenobligationen (three and four year paper which raised DM 1.7bn when last issued in March) which closed for subscription at noon yesterday. Beyond this, a DM 700m issue by the Federal Railways (Bundesbahn) at the end of April could now shortly appear, and a number of local Government borrowers are known to be waiting eagerly in the wings. Bavaria and the Saarland have been known to short the market for around DM 650m. Foreign exchange considerations remain the market's overriding influence, however, and not all dealers are entirely sanguine about the chances of a "firm consolidation" at the present level. The dollar has shed something like 2 per cent against the Deutsche Mark since Monday last and clearly the foreign exchange situation is very fluid. At the same time, there is a danger, as things stand, that any rush to float new paper will get out of hand. The backlog of borrowers built up in recent weeks could quickly unsettle what is still a relatively fragile new found market confidence. Meantime, the oversupply position in the market for foreign denominated Deutsche Mark bonds is getting close to equilibrium. A decision on whether to re-open this market to borrowers is likely to be taken next Wednesday; this market has been closed to new issues for almost a month.

# Flick in \$100m. deal

By John Wyles  
WEST GERMANY'S Flick Group has added to the rising tide of foreign investment in the U.S. by purchasing for \$100m in cash some 4.35% of convertible preference stock of United States Filter Corporation, a leading engineering supplier for the energy industries. The new preference stock is convertible into the new New York-based company's common shares on a one-for-one basis and amounts to about 34.5 per cent of U.S. Filter's total voting stock. Three Flick representatives will be joining the U.S. Filter Board immediately with a fourth to be added later. The Flick Group is one of West Germany's leading private companies, which in 1975 disposed of a 29 per cent stake in Daimler-Benz for \$875m. Its decision to commit some of the proceeds to direct investment in the U.S. adds to a stream of investments made this year by West German companies. According to a recent survey, West German and UK companies accounted for 39 of the 81 direct investments in U.S. manufacturing in the first quarter of this year. Mr. Raymond Rich, chairman and chief executive of U.S. Filter, said today that the deal with the Flick Group "substantially enhances the company's financial resources by increasing the total stockholders' equity to about \$250m." He added that U.S. Filter would now be in a good position to achieve its growth objectives. The company's first quarter results this year were hit by delays in implementing several pipeline and energy projects which would have been purchases of its air and water pollution control equipment. At 11 cents a share, earnings were only one-third of last year's first quarter. For 1977, a whole U.S. Filter returned a net profit of \$13.9m on sales of \$423.7m. However, the company's prospects have been improved by its recent tender offer which raised its stake in Filtrol, a leading producer of catalysts, from 50.7 per cent to around 84 per cent. Filtrol had net profits in 1977 of \$3.1m on sales of \$89m. Adrian Dicks writes from Bonn: A spokesman for the Flick group in Dusseldorf this evening described U.S. Filters as one of the most progressive and technically advanced engineering companies in the world. Some of its interests in the fields of services to the energy industry, chemicals, water treatment and purification and pollution control would be complementary to those of the Flick companies. With a turnover of DM 7.2bn in 1976, Flick's principal interests are in the foundries and mechanical engineering industries, chemicals, paper and board, and plant construction. Its major subsidiaries in West Germany are Buderus/Krauss Maffei, Feldmuehle and Dynamit-Nobel. Flick's U.S. Filters deal is its second large investment in a major American company. In the autumn of 1975 it acquired 12 per cent of W. R. Grace, the chemicals group, to become the biggest single shareholder. The DM 2bn which Flick received from the sale of its 29 per cent stake in Daimler-Benz in early 1975 must be reinvested by the end of this year in projects approved by the West German Ministry of Economics, if Flick is to avoid paying capital gains tax on it. Including its move into U.S. Filters and its recent acquisition of 75 per cent of Versuchsingenieur Holding der Deutschen Industrie, which in turn owns 81 per cent of the Gerling insurance group, Flick now appears to have reinvested rather more than DM 750m in purposes which would qualify for a tax break. Despite speculation in Germany that Flick is in a hurry to find further acquisitions for the DM 1.2bn cash which it is still believed to have in hand, the privately controlled group's spokesman emphasised this evening that it remains primarily interested in finding attractive prospects with promise for the future. "No one is forcing us, and we do not feel under pressure of time," the Flick spokesman told the Financial Times.

# No payment at Losinger

By John Wicks  
THE LEADING Swiss construction company, Losinger & Co., has recommended an omission of dividend for 1977. This follows a cut in dividend per share to SwFr 25 last year after distribution of SwFr 40 for 1976 and SwFr 60 for 1974. Net profits, which had dropped from SwFr 2,550m in 1975 to SwFr 505.00m in 1976 for the parent undertaking, declined further to only SwFr 38.615m. Group turnover was almost at 1976 levels, however, reaching SwFr 4,900m (S\$490m), though this was still the lowest level in the past five years. However, the foreign share of turnover attained a record, SwFr 1,850m within this total.

# Hansa dividend to be axed

By Guy Hawley  
FRANKFURT, June 2. BREMEN-based shipping line, Deutsche Dampfschiffahrts-Gesellschaft, "Hansa", today reported that it had been hard hit by the heavy over-capacity in the world shipping market last year and would be passing its dividend—for the first time since 1956. Both the charter market and line services were severely affected. Freight rates were pushed heavily downwards, said the group's report. While none of the group's poor trading performance came as a surprise, the management's statement gave shareholders few grounds for comfort. No signs of an end to the state of surplus in the market could be seen, it said. There was major improvement in the transport sector in sight. The year was "thoroughly unsatisfactory." Good results from subsidiaries, including ship sales, had served to offset a DM33m loss from the shipping business. Net profits slumped from the previous year's DM5.3m to just DM37,400. Overall sales increased slightly from DM475.6m to DM506.6m (S\$50.6m). Capital investment increased from DM 143.3m to DM243.2m, while depreciation rose from DM40.7m to DM44.9m. WANDGATE COMMODITY FUND as 31st May 1978 (11.15-2.45) WCF MANAGER LIMITED, St. Helier, Jersey, 0534 25911/3. Next dealings 30th June 1978.

# Rapid growth in Swiss foreign bank assets

By John Wicks  
ZURICH, June 2. THE expansion of the European market has taken place in financial centres like London and Luxembourg rather than in Switzerland in recent years to judge by the rapid growth of foreign bank assets. This was stated by Dr. Eric Gasser, chairman of the Association of Foreign Banks in Switzerland, at a Zurich Press conference. The combined assets of foreign banks in Switzerland reached some SwFr 37.7bn in 1977, a rise of 7.3 per cent over the previous year. There is a much greater relative importance of fiduciary business, however, some SwFr 35.1bn of last year's total. Swiss fiduciary business of SwFr 56bn, having been accounted for by foreign banks in Switzerland was "generally satisfactory" in 1977, Gasser told journalists, though profit prospects for the current year were less certain. In the past five years the share of foreign-controlled assets and foreign banks' branches in Switzerland has stabilised at about 10 per cent of the country's total bank assets. The number of foreign banks, including branches, has also remained almost unchanged at rather below one hundred. Gasser attributed what he called the "relative stagnation" of foreign banking activities in Switzerland to restrictive regulatory requirements, increasing restrictions on international banking by the Swiss authorities and the difficulty to obtain work permits for foreigners. The combined assets of foreign banks in Switzerland reached some SwFr 37.7bn in 1977, a rise of 7.3 per cent over the previous year. There is a much greater relative importance of fiduciary business, however, some SwFr 35.1bn of last year's total. Swiss fiduciary business of SwFr 56bn, having been accounted for by foreign banks in Switzerland was "generally satisfactory" in 1977, Gasser told journalists, though profit prospects for the current year were less certain.

# CBS response to suit

By David Lascelles  
NEW YORK, June 2. COLUMBIA BROADCASTING System, one of the country's largest radio, television and publishing companies, has been charged by the Justice Department with violating anti-trust laws through its acquisition last year of a large paperback publisher. In a suit filed yesterday, the Justice Department charged CBS to divest itself of Fawcett Publications on the grounds that the acquisition eliminated competition in the highly competitive mass publications market. CBS already owned Popular Library Books, the 11th largest mass book publisher with sales of \$10m, when it bought Fawcett last year for \$50m. Fawcett then ranked fifth in the market with sales of \$37m, and brought CBS total market share to about 12 per cent. CBS reacted sharply to the suit, saying that it "both welcomed and surprised" the filing of the fact that the Justice Department had been notified of the proposed acquisition long before it went through, and had said it had no objection. FIRST MISSISSIPPI Corporation said it could not explain why its stock price has risen on the NYSE, reports AP-DJ from New York. "There's nothing," said Mr. James Lange, secretary and treasurer of the company. Mr. Lange said the company has an interest in a gas prospect in South Louisiana and there has been activity in that area by other companies. However, First Mississippi's prospect has shown any results and "I certainly wouldn't say that the cause" of the stock activity.

**The First Viking Commodity Trusts**  
Commodity OFFER 39.8  
Trust BID 37.8  
Double OFFER 84.0  
Option Trust BID 78.0  
Commodity & General Management Co Ltd  
8 St George's Street  
Douglas Isle of Man  
Tel: 0724 4442

**Pan Malaysia Cement setback**  
BY WONG SULONG  
KUALA LUMPUR, June 2. ANOTHER bad year for Pan Malaysia Cement Works has ended with profits falling by 27 per cent to 3.23m ringgits. The group is cutting its dividend for the year to 15 per cent from 17 per cent. The parent company derives most of its income from dividends of associates, whose profits fell by 20 per cent to 23.9m ringgits of which PMCW's share fell by the same percentage to 9.68m ringgits. The company's operations in Singapore were hit by overcapacity, as well as higher costs for clinker, while the Malaysian business was hit by higher production costs, and a fixed government controlled price for cement. The only bright spot came from its shipping and trading associate Twincem, which increased for the year by 15 per cent to 3.1m ringgits. Ganda, a Malaysian group of companies, with oil palm interests in Perak State, has secured loans and credit facilities totalling 22.4m ringgits from five Malaysian banks. The loans were used to finance the building of an oil palm refinery, and to repay loans which the group had earlier borrowed at higher rates of interest.

**COCAOA**  
The build-up of nearby cocoa in Brazil continued to influence sentiment and prices of futures contracts. CIB and Duffin reported. **COCAOA** Yesterday's + or - Business Done  
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## STOCK EXCHANGE REPORT

# Gilts react afresh and equity leaders drift lower

## Share index 2.7 lower at 475.5—BP on offer again

Account Dealing Dates  
Option  
\*First Declara- Last Account  
Dealings Date Dealings Date  
May 16 May 26 Jun 7  
May 30 Jun 9 Jun 20  
May 12 Jun 22 Jun 30  
\*New time "dealings may take place from 10 a.m. to 11.30 a.m. daily."

Stock markets were looking rather jaded as the week drew to a close yesterday. Recent dullness in the gilt-edged sector became more pronounced against the background of the continuing deadlock between the institutions and the authorities over the money supply. Scattered inferences were sufficient to push the longer maturities down by 2 before the closing bell.

The equity leaders were not helped by the reaction in Gilts. A leading broker's research circular on the outlook for the UK economy also tended to dampen enthusiasm and light selling took the FT 30-share index down 4.6 to its lowest of the day at 475.5. Prices, however, recovered a little and the index ended 2.7 off on balance at 475.5.

Secondary issues followed in the wake of the leaders—falls were in a majority over rises by nearly 2-1 in FT-quoted industrials—but a number of useful rises were recorded following favourable trading statements, while bid situations, both rumoured and actual, also produced the occasional bright spot. Buildings drifted lower, 4.98 compared with 4.51 on Thursday and 5.06 a week ago.

### Gilts down again

The rise in Treasury Bill rates coupled with continuing worries over the lack of any initiative from the authorities over the money supply made for marked weakness in the gilt-edged sector yesterday. Selling was fairly modest, but the market was vulnerable in the prevailing thin conditions and prices were quick to react to the smallest of offerings. Long-dated stocks fell away quite sharply to record falls extending 4 before staging a small recovery which left final quotations with losses on the day ranging to 1. It was a similar story in the shorts which closed with falls to 1. The announcement of the gold and currency reserve figures for May and the estimated Public Sector Borrowing Requirement for the first quarter of 1978 appeared to have little impact on sentiment.

Just two days after recording the second heaviest traded total of 906, dealings in London Traded Options yesterday fell away to a mediocre 277 contracts. This is only 7 above the lowest total of 270 recorded on April 30. Yesterday, GEC registered the

largest volume with 53 contracts done, 52 of which took place in the newly-created July 280 series. Lead Securities followed with 44 and 40 were done in Marks and Spencer.

Buyer's began to show interest in the investment currency premium at the lower levels and, after moving between extremes of 105.1 and 104.1 per cent in good two-way trading, the premium closed at the former level, a fraction higher on the day. Yesterday's conversion factor was 0.9938 (0.9890).

### Banks easier

Leathargic conditions prevailed in the Banking sector, as the major clearers drifted gently lower on lack of support. Barclays and Midland, both closed 3 cheaper at 330p and 360p respectively and NatWest ended a similar amount lower at 270p.

Lloyds closed a couple of pence off at 280p, after 278p. Australian issues were mixed, with the South Wales Bank of New South Wales banked 7 to 352p but Commercial Bank of Australia lost as much to 208p. Revived fears of higher interest rates unsettled Hire Purchases and Lloyds and Scottish softened 3 to 83p.

Proceedings in Distilleries were dominated by the performance of McDonald Martin A which jumped 4 to 410p in a thin market on a report that Bass Charrington will distribute the company's Highland whisky through its own branches. BC closed 3 cheaper at 185p, but Tomatin closed a like amount up at 116p with the help of Press comment.

Electricals drifted gently lower in idle trading. Philips Lamp stood out at 83p, down 20p, while losses of around 8 were recorded in Decca A, 438p, and Thorn

Electrical, 326p. Normand, at 48p, gave up half of the previous day's rise of 4 which followed the record results.

Stores had the occasional small fall. Martin's Newsagent shed 3 to 248p in front of Monday's interim statement, while Marks and Spencer, 135p, and Mothercare, 160p, lost 2 apiece. Dealings in Kwik-Kwik Holdings were suspended yesterday at 49p at the company's request following acquisitions. Shoes had an isolated feature in Hiltons Footwear which advanced 4 to a 1978 peak of 88p.

With the exception of Tubes, which edged forward 2 to 384p, the miscellaneous Industrial leaders drifted gently lower in thin trading conditions to end the week on a dull note. Beecham, 633p, and Turner and Newall, 177p, lost 4 apiece, while Rank Organisation shed 3 to 235p and Unilever lost 5 to 514.

Ahead of Monday's preliminary results, Metal Box softened 2 to 302p. Elsewhere, Newey Group rose 7 to 62p in response to the overnight offer from its parent, William Prym-Werke and Carlton Industries, currently in receipt of a cash bid of 165p per share from David Siddeley, gained 6 to a 1978 peak of 202p following the better-than-expected annual re-

sults. Peter Bick at 143p, recorded a Press-inspired improvement of 6 and Photo-Me revived with a rise of 10 to 275p, while Securicor were firm again, the Ordinary rising 2 to 118p and the N/V 4 to 116p.

Timely put on 4 at 272p and Elson and Robbins hardened 2 to 98p; the latter's first half figures are due next Tuesday. Profit-taking after the previous day's gain of 10, prompted a reaction of 8 to 332p in De La Rue; the preliminary figures are expected next Tuesday.

Noteworthy movements were few and far between in a lacklustre Motors and Distributors section. Brown Bros. were on offer at 254p, down 14, while Reliant eased shade to 181p and Rolls-Royce 2 to 95p.

Investment demand lifted Associated Book Publishers 7 to 182p, while Bean Bros. added 8 to 72p on the news of a takeover bid. Thomson, 245p, held a small improvement after recent dullness on reports downgrading North Sea oil prospects. In quietly traded Paper/Printings, Calsonic Guard Bridge gained 2 to 22p on the better-than-expected results and the Board's confident statement while Saatchi firm 5 to 163p

### Newey up on bid

Reflecting a sharp reaction in

After a dull start, Properties steadied, but were sometimes fractionally better by the close. Land Securities picked up to end a couple of pence to the good at 311p. Elsewhere, selective buying left Greater London 6 higher at 302p and Country and New Town 3 up at 25p. Further speculative interest left Property Partnerships 3 dearer at 120p, an appreciation of 30 on the week. On the other hand,

South African Industrial issues drifted lower on investment dollar premium influences. Abercam, 90p, and Tiger Oats, 54p, both eased 5.

### Australians quieter

Activity in the Australian section of mining markets was much quieter than of late. The members of the Ashton diamond consortium continued to attract speculative activity with Northern Mining recovering modestly to close 5 better on the day at 112p, while Constar floated were finally unchanged on balance at 230p—14 lower over the longer period. The London-registered "Tanks" eased a penny more to 165p mainly reflecting lower profits and reduced final dividend announced on Thursday.

Australian base-metal miners opened showing modest losses reflecting the overall downturn in overseas metal prices. But prices tended to pick up in the after-hours trade as arbitrage buying became evident. BHP Holdings rallied 10p to 204p, initially 10 close a penny cheaper on balance at 208p, while Western Mining were finally the same amount easier at 124p, after 121p.

On the other hand, the more speculative issues opened slightly firmer and remained steady throughout the day.

Uranium generally closed a fraction easier on the day and the week despite Wednesday's news that the Federal Parliament had passed six Bills backing the Australian Government's decision to resume the mining and export of uranium.

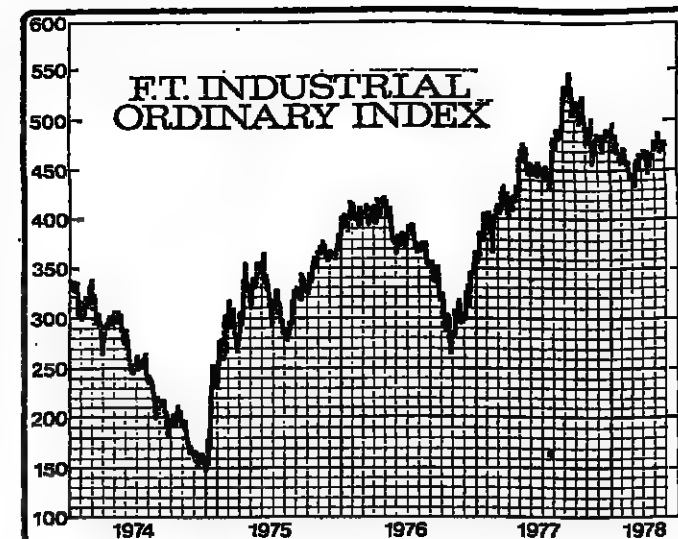
In contrast with Australian, South African Golds were subdued throughout the week despite the strength of the bullion price, which was finally 83 higher at \$153.75 per ounce yesterday and \$5.50 better over the longer period.

The Gold Mines Index, 2.5 off at 132.7 yesterday, was barely changed on the week.

South African Financials moved similarly to Golds, Anglo American and De Beers both lower at 288p and 346p respectively; the former's 15-month figures are expected early next week.

London-domiciled Financials were quiet, but RTZ ended an easier day at 228p, but still 6 better on the week reflecting the recent gains in base-metal prices.

Elsewhere, Northgate advanced 30 more to a 1978 high of 415p on consideration of the company's holding in Anglo United World, although unchanged yesterday at 163p, showed a rise on the week of 30.



## FINANCIAL TIMES STOCK INDICES

	June 2	June 3	May 31	May 30	May 29	May 28	May 27
Government Secs	69.58	69.00	70.15	69.02	70.10	70.41	69.85
Fixed Interest	71.85	71.70	71.77	71.76	71.99	72.10	71.85
Industrial Ordinary	475.5	475.5	475.5	475.5	475.5	475.5	475.5
Gold Mines	168.5	168.5	168.5	168.5	168.5	168.5	168.5
Ord. Div. Yield	5.95	5.95	5.95	5.95	5.95	5.95	5.95
Earnings (1/4) (all)	16.17	16.44	16.40	16.59	16.59	16.59	16.59
P/B Ratio (all)	8.87	8.19	8.19	8.19	8.19	8.19	8.19
Debtors (all)	4.998	4.851	4.848	4.879	4.879	4.879	4.879
Equity turnover (all)	68.55	68.55	68.55	68.55	68.55	68.55	68.55
Equity turnover (all)	14.274	14.274	14.274	14.274	14.274	14.274	14.274

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475.5, 5 pm 475.5, 6 pm 475.5, 7 pm 475.5, 8 pm 475.5, 9 pm 475.5, 10 pm 475.5, 11 pm 475.5, 12 am 475.5, 1 am 475.5, 2 am 475.5, 3 am 475.5, 4 am 475.5, 5 am 475.5, 6 am 475.5, 7 am 475.5, 8 am 475.5, 9 am 475.5, 10 am 475.5, 11 am 475.5, 12 noon 475.5, 1 pm 475.5, 2 pm 475.5, 3 pm 475.5, 4 pm 475.5, 5 pm 475.5, 6 pm 475.5, 7 pm 475.5, 8 pm 475.5, 9 pm 475.5, 10 pm 475.5, 11 pm 475.5, 12 am 475.5, 1 am 475.5, 2 am 475.5, 3 am 475.5, 4 am 475.5, 5 am 475.5, 6 am 475.5, 7 am 475.5, 8 am 475.5, 9 am 475.5, 10 am 475.5, 11 am 475.5, 12 noon 475.5, 1 pm 475.5, 2 pm 475.5, 3 pm 475.5, 4 pm 475.5, 5 pm 475.5, 6 pm 475.5, 7 pm 475.5, 8 pm 475.5, 9 pm 475.5, 10 pm 475.5, 11 pm 475.5, 12 am 475.5, 1 am 475.5, 2 am 475.5, 3 am 475.5, 4 am 475.5, 5 am 475.5, 6 am 475.5, 7 am 475.5, 8 am 475.5, 9 am 475.5, 10 am 475.5, 11 am 475.5, 12 noon 475.5, 1 pm 475.5, 2 pm 475.5, 3 pm 475.5, 4 pm 475.5, 5 pm 475.5, 6 pm 475.5, 7 pm 475.5, 8 pm 475.5, 9 pm 475.5, 10 pm 475.5, 11 pm 475.5, 12 am 475.5, 1 am 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475.5, 8 pm 475.5, 9 pm 475.5, 10 pm 475.5, 11 pm 4



## OFFSHORE AND OVERSEAS FUNDS

...ential Securities (C.I.) Limited  
100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916,

**NOTES**

do not include premium, except where indicated %), and are in pence unless otherwise stated. Yields % unknown in just column allow for all buying expenses. Offered price includes all expenses. To-day's prices. \* Yield based on other prices & Estimated. A Today's price is Distribution Price. \*\* Periodic premium insurance plans a Special Insurance. † Offered price includes all expenses except agent's commission and price includes all expenses & bought through managers. ‡ Previous day's price of tax on realized capital gains unless indicated by + & § Guernsey gross. § Suspended.

♦ Yield before Jersey Tax † Eo-subsidization

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Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101  
Index Group as at 23rd Feb. 1978 (Base 100 at 141.77)  
Clive Fixed Interest Capital ..... 127.67  
Clive Pooled Interest Income ..... 113.51

**CORAL INDE: Close 472-477**

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+ Vanoruh Guaranteed .....	9 1/2%
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## FOOD, GROCERIES—Cont.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
Glaxo	24.00	1.20	5.00	Unilever	24.00	1.20	5.00
Heinz	24.00	1.20	5.00	Wm. S. Watson	24.00	1.20	5.00
... (many more rows) ...							

## ENGINEERING—Continued

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## CHEMICALS, PLASTICS—Cont.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## BANKS & HP—Continued

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## BONDS & RAILS—Cont.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## \*\*BRITISH FUNDS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## AMERICANS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## Over Fifteen Years

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## Updated

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## \*\*INTERNATIONAL BANK

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## \*\*CORPORATION LOANS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## LOANS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## Public Board and Ind.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## Financial

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## FOREIGN BONDS & RAILS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## FINANCIAL TIMES

... (text about the Financial Times service) ...

## EDITORIAL OFFICES

... (text about editorial offices) ...

## ADVERTISING OFFICES

... (text about advertising offices) ...

## SUBSCRIPTIONS

... (text about subscriptions) ...

## BEERS, WINES AND SPIRITS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## BUILDING INDUSTRY, TIMBER AND ROADS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## CANADIANS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## BANKS AND HIRE PURCHASE

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## CONSUMER GOODS & AFRICAN LOANS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## Public Board and Ind.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## Financial

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## FOREIGN BONDS & RAILS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## CINEMAS, THEATRES AND TV

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## DRAPERY AND STORES

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ELECTRICAL AND RADIO

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## FOOD, GROCERIES, ETC.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ENGINEERING MACHINE TOOLS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## CHEMICALS, PLASTICS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ENGINEERING

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## FOOD, GROCERIES, ETC.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ENGINEERING MACHINE TOOLS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## CHEMICALS, PLASTICS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ENGINEERING

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## FOOD, GROCERIES, ETC.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ENGINEERING MACHINE TOOLS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## HOTELS AND CATERERS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## INDUSTRIALS (MISC.)

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## FOOD, GROCERIES, ETC.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ENGINEERING MACHINE TOOLS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## CHEMICALS, PLASTICS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ENGINEERING

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## FOOD, GROCERIES, ETC.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ENGINEERING MACHINE TOOLS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## CHEMICALS, PLASTICS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ENGINEERING

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## FOOD, GROCERIES, ETC.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ENGINEERING MACHINE TOOLS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## CHEMICALS, PLASTICS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## HOTELS AND CATERERS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## INDUSTRIALS (MISC.)

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
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## FOOD, GROCERIES, ETC.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ENGINEERING MACHINE TOOLS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
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## CHEMICALS, PLASTICS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
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## ENGINEERING

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
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## FOOD, GROCERIES, ETC.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
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## ENGINEERING MACHINE TOOLS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## CHEMICALS, PLASTICS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ENGINEERING

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## FOOD, GROCERIES, ETC.

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## ENGINEERING MACHINE TOOLS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

## CHEMICALS, PLASTICS

Stock	Price	Div.	Yield	Stock	Price	Div.	Yield
... (many more rows) ...							

هكمان النحل







## MAN OF THE WEEK

Retailers  
of the  
middle  
ground

BY ELINOR GOODMAN

HE IS, to be charitable, around 55. He wears a plain shirt and a rather baggy suit and looks as if he would be at home on a howling green. A man who prides himself on being a blunt speaker, he is probably an active member of his trade union and can quote the rule book chapter and verse. He has no conventional commercial experience but believes he has a right to participate in business.

His female counterpart is about the same age. Her whole appearance is eminently sensible. Not for her blue rinses or flowery hats. She is a busy person who long ago learned that women have more to do in life than rear children.

Both are rather earnest with a set of beliefs to which they are deeply committed. They are proud of their working class origins. Even though they own a car—and quite possibly a colour television—they can remember the time when money was short and when people had to look to something other than the State when times were hard. A punchy verbal onslaught on capitalism will get them clapping appreciatively but they are suspicious of long haired intellectuals too. Theirs is a rather conservative form of radicalism.

They are the active members of Britain's 206 retail co-operative societies as seen this week in Scarborough, dutifully deserting the beach for the windowless Futurist theatre. It is these people who are delegated each year to represent the 10.6m co-operative members who ultimately own the Co-ops. Britain's largest retailer, milkman, farmer and undertaker.

## Sacred

No single person is in charge of the Co-ops. The movement has more than its share of chief executives and chairmen but, just as the Co-op itself is composed of over 200 autonomous societies, control is vested in many hands. The delegates are only typical of the minority of members who participate in elections. But it is the active members who appoint the management and exert the power enshrined in the constitution. To them the constitution is almost sacred.

They are both the Co-ops' greatest assets and its greatest handicap. The Co-op would have no reason for existing without them for it is they who ensure that the Co-op is not just another chain fighting the High Street war. They are the embodiment of that middle ground which the Co-ops occupy somewhere between state ownership and private enterprise.

At Congress they repeatedly remind each other of the movement's social purpose—a phrase of almost mystical importance which encompasses everything from financing children's groups, likely the wonderland folk and adult education, to the movement's fundamental purpose of achieving private enterprise and ensuring that the members get the benefit of mutual trading.

Some of these characteristics may be admirable but they do not make it easy for professional managers trying to fight a High Street war which leaves little room for co-operation in the management of the movement. Increasingly strong over the years, but grand schemes, such as the much discussed plan to reduce the number of societies to 20, are, for the most part, ignored once delegates have left the almost evangelical atmosphere of congress and gone back to the territorial patches which they guard jealously.

## Agonising

To be fair, some societies, like Normid, have done very well in commercial terms and have been in the forefront of retailing development but others, like London, have had to sell assets to reduce their losses. And, in 1977, after three years in which the movement had managed to reverse the long decline in its fortunes, its market share edged down again to 7 per cent.

Delegates at Congress were only too well aware of the dilemmas posed by the High Street war. They have been agonising for years over how best to preserve the democratic structure in the kind of larger societies needed to raise the necessary finance for larger new stores. Ahead lie all sorts of thorny problems such as whether the Co-op has a duty to keep open its smaller, non-profitable shops for the benefit of less mobile members.

But, at the end of Congress, when all the delegates linked arms to sing *Land Lane Lane*, all its grand and regional plans and all-throat competition seemed to belong to another world.

Callaghan warning  
on Africa peace

BY REGINALD DALE

NEW YORK, June 2.

MR JAMES CALLAGHAN, the Prime Minister, today called on African countries to speak out against outside interference in their affairs before it was too late.

In a strong attack on Soviet and Cuban intervention in Africa, he told the United Nations that the continent "misused by a new imperialism" or become a new breeding ground for East-West discord.

Mr. Callaghan, addressing the special General Assembly session on disarmament, urged African countries to stand up for the principles of non-interference and the peaceful settlement of disputes. If they did not, they would find themselves caught up in an arms race, "with growing instability for their countries and increasing danger of wars."

Before proceeding with longer term disarmament efforts, all countries should start immediately by restraining the use of their armed forces, he said.

Countries will not reduce the further buildup of military power, still less will they take the first steps to reductions in armaments—if they see others, whether directly or by proxy, using existing military force as an instrument of foreign policy to their advantage wherever they can.

He supported an American proposal for the creation of a permanent UN standby peacekeeping force and called on the

special session to launch a study on ways of restricting the growth of conventional weapons throughout the world.

One approach would be to tackle the problem regionally and multilaterally with the involvement on an equal footing of both suppliers and recipients. Mr. Callaghan called for changes in the chairmanship system at the Geneva disarmament conference under which only the U.S. and the Soviet Union are entitled to take the chair. He urged France and China, which have boycotted the Geneva talks at least partly in protest at this superpower monopoly, to take up their seats at the conference.

## Realistic

The UK would be prepared to join other nuclear powers in far-reaching and permanent assurances not to use nuclear weapons against non-nuclear states. It would also support the establishment of further zones free of nuclear weapons where all states concerned agreed.

General and complete disarmament could not be an immediate objective. But there were areas in which progress could be made in a short but realistic time scale.

The UK was ready to put forward new proposals in the Geneva negotiations on a treaty banning all nuclear "adventurism" in Africa—in one of the toughest statements about U.S.-Soviet relations made in recent years.

At this week's NATO meeting Mr. Carter also used strong language to warn the Soviet Union about its African policy. "Events in Africa have not in any way affected our negotiating position over SALT," he said. "But he acknowledged that recent Soviet actions in Africa and elsewhere had "affected the general tone of U.S.-Soviet relations and the political climate in the United States."

He said it was true that the Administration as part of the negotiating process, had made it clear to the Russians that it was now up to them to make concessions on the remaining obstacles in the way of a new strategic arms agreement.

It is important not to confuse tough negotiating with some sort

of decision to freeze the talks or to slow down or to mark time," he said.

Yet if some such confusion now exists, this must in part be the Administration's responsibility. Last Sunday Dr. Brzezinski came very close to making a link between SALT and the Soviet and Cuban "adventurism" in Africa—in one of the toughest statements about U.S.-Soviet relations made in recent years.

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Rothmans  
to extend  
Canada  
links

By Stuart Alexander

ROTHMANS International, the UK tobacco group, is poised to take an 85.6 per cent stake in Rothmans of Pall Mall Canada, with which it is already linked through the extensive business interests of Dr. Anton Rupert, the South African industrialist.

Talks are still going on about the deal, thought to be worth over £40m and could take some time to complete.

Rothmans International's wholly-owned West German subsidiary, Martin Brinkmann, would buy all the issued shares of a specially-formed Canadian company holding 85.6 per cent of the Canadian Rothmans.

The shares are now held by Rupert interests, which also own 43.7 per cent of the shares in Rothmans International. The acquisition would be for cash, with Brinkmann the chosen purchaser because of the strength of the Deutschmark.

## Brewers

Rothmans of Pall Mall Canada is the second biggest manufacturer and distributor of tobacco products in Canada, standing behind British American Tobacco, with 28 per cent of the cigarette market.

It also owns 50.1 per cent of brewers Carling O'Keefe, beer, wine, oil and gas would represent for Rothmans International and Brinkmann a measure of beneficial diversification.

In the financial year to March 31, 1978, it turned in net profits, after all extraordinary items, of Can.\$24.47m (£12m) on sales of Can.\$780m.

The Canadian tobacco interests would be a logical extension to the business of the Rothmans International group and operational advantages, particularly in terms of marketing, are envisaged.

Rothmans International said yesterday: "The interests in beer, wine, oil and gas would represent for Rothmans International and Brinkmann a measure of beneficial diversification."

## Interests

The deal further ties up the world-wide tobacco interests of Rothmans and gives it operating subsidiaries in Holland, Germany, Australia, New Zealand and Malaysia, as well as Canada.

While it has increased sales in the UK, from just over 6 per cent to slightly under 11 per cent of the market, domestic profits have always been thin. In contrast its exports have been very successful and the company is highly profitable in the Middle East and the West Indies.

News analysis, Page 4

Continued from Page 1  
Tanzania

consistent with the policies and aspirations of the particular countries.

The Tanzanian complaints related to "incidents" which occurred many years ago and were reported on in the Department of Trade report of March, 1976.

This was not the first time that Tanzania had purported to expropriate Lantoro's assets. In 1966, Centri Line, Sigal Estates was nationalised, and compensation has not yet been paid, although at the time "prompt fair and adequate compensation" was promised.

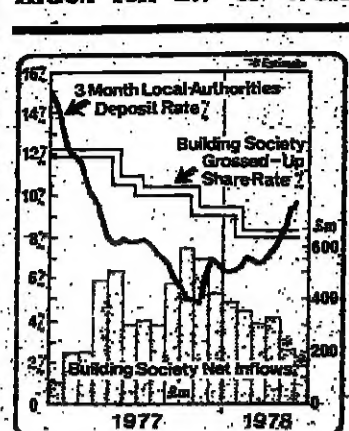
The company, therefore, welcomed the statement that a fair price would be paid for assets appropriated now "and insists that on this occasion payment is duly made."

All the companies referred to in the Tanzanian statement were either publicly quoted in East Africa or subsidiaries of public companies quoted in East Africa.

## THE LEX COLUMN

Interest rates  
drift higher

Index fell 2.7 to 475.5



Higher mortgage rates, tends to be clouded by political overtones. It is easy to lose sight of the financial pressures that are now building up for higher rates. At present a mortgage rate of 8.5 per cent for 25-year money looks cheap when compared with yields of close to 13 per cent on Government stocks.

However, these are not the key influences on mortgage rates. The best indicator is the three month local authority deposit rate. When the grossed-up building society share rate is above the local authority rate, the building societies experience a healthy cash inflow. Late last year the gap widened at one time to 5 percentage points and the societies' inflows were running at close to £800m a month. Since then money market rates have soared, and the grossed-up share rate of 8.3 per cent is now around three quarters of a point below the local authority rate.

Consequently the inflows are now falling off sharply. In April, rather more than £300m was accounted for the gross bill taken in in May receipts probably fell by more than £100m and in June and July they could be as low as £100m a month if building society rates stay out of line.

Fortunately the societies are still flush with funds. Their liquidity ratio is historically high and they can run this down for some months without much trouble. Assuming inflows of £100m a month, loan repayments of £200m, and interest credited of another £100m, a month they should still be able to lend around £700m a month by reducing their liquidity by £250m a month, say.

However, they are unlikely to sit back and allow their competitive position to be eroded, shareholders.

The large societies want to continue to grow fast, and this dictates an early rise in interest and mortgage rates even though it is not as pressing as some societies would have us believe.

## Rothmans Int.

Less than a year ago, Rothmans International publicly claimed a target of achieving two-fifths of its profits from non-tobacco interests in the next five years. Yesterday it announced that it was contemplating a substantial cash bid for controlling interest in Canada's second biggest tobacco company, Rothmans of Pall Mall Canada (RPMC). Since both businesses are controlled in one way or another by the South African interests of Dr. Anton Rupert, the bidder's motives are somewhat suspect. It is not clear whether the bid is a genuine attempt to diversify, or a ploy to reduce the company's dependence on the tobacco industry.

Such a deal could certainly be convenient for the Rupert group which has given an undertaking to reduce its holdings in the Canadian company from nearly 86 per cent to 50 per cent at some unspecified date. Transferring the holding to Rothmans International, which Rupert interests have a 50 per cent holding, would fulfil this promise and would realise substantial sums of cash which could be useful for other North American ambitions. Rupert interests have a sizable holding in Liggett and Myers, and are reported to have been contemplating a deal of some kind with Pabst Brewing.

But it is not at all clear how such a link with RPMC could fit in with the UK company's stated objectives. Tobacco accounted for 75 per cent of RPMC's earnings in 1976, and although the proportion has been reduced by the sale of a loss-making brewing business, it still makes up over half the company's profits.

Based on the current market price, the Rupert holding of RPMC is worth about £43m. A bid on this scale would thus be a substantial part of Rothmans' firepower for future diversification—and would surely require the approval of independent shareholders.

## Weather

## UK TODAY

DRY and sunny in most districts.

London, Midlands.

Cent. Northern England,

Glasgow, Cent. Highlands

Dry, sunny spells. Max 27C

(81F).

S.E. Cent. Southern E. and N.E.

England, Angles Channel, Is.

Borders, Edinburgh, Dundee,

Aberdeen, Moray Firth, N.E.

(81F).

Dry, sunny spells, cooler near

coast. Max. 27C (81F).

S.W., N.W. England, Wales, Lake

Dist., S.W., N.W. Scotland,

Dry, sunny spells inland. Max.

23C (73F).

Orkney, Shetland

Dry, bright or sunny intervals.

Max. 30C (86F).

Isle of Man, N. Ireland

Dry, sunny periods. Max. 23C

(73F).

Outlook: Dry and sunny at first.

Thunder showers later.

## BUSINESS CENTRES

Y'day mid-day Y'day mid-day

Algeria 25 27 Luxembourg 25 26

Amman 25 27 Madrid 25 26

Algiers 25 27 Manchester 25 26

Ankara 25 27 Marseilles 25 26

Antwerp 25 27 Milan 25 26

Athens 25 27 Moscow 25 26

Bahia 25 27 Munich 25 26

Batavia 25 27 New York 25 26

Bombay 25 27 Osaka 25 26

Buenos Aires 25 27 Paris 25 26

Calcutta 25 27 Rome 25 26

Canton 25 27 Sao Paulo 25 26

Cebu 25 27 Singapore 25 26

Colon 25 27 Stockholm 25 26

Hankow 25 27 Sydney 25 26

Hong Kong 25 27 Taipei 25 26

Kobe 25 27 Tel Aviv 25 26

London 25 27 Tokyo 25 26

Lyons 25 27 Valencia 25 26

Manila 25 27 Warsaw 25 26

Medan 25 27 Zurich 25 26

Moscow 25 27

## New surge in coffee prices

BY RICHARD MOONEY

COFFEE PRICES on the London futures market leapt nearly £200 a tonne at one stage yesterday in response to news that there was frost in Parana, Brazil's main coffee growing state, on Thursday night.

It is believed no damage was done, but one London trader said it was "very, very frightening" that there should be frost in Brazil's coffee area so early in the season.

This is the first frost since 1975 to hit Brazil's coffee growers, who normally produce more than 30 per cent of the world crop.

The 1975 frost was the worst on record, cutting the country's coffee output by three-quarters. Coffee traders have since been hypersensitive to the possibility of major frost damage.

This week's outbreak is the earliest frost in memory, and as such is being taken very seriously. It will be mid-August

before the 1979 crop can be considered safe.

Frost affects the flowers which should produce the following year's crop. In very bad cases it can destroy the trees. This was the case in 1975 and the crop has still not fully recovered.

It is not possible to estimate the rise in prices which a serious Brazilian frost would cause, but any significant advance could do irreparable damage to the world coffee market. Conservative estimates put the cut in consumption caused by the tenfold rise in raw coffee bean prices after the 1975 frost at 15 per cent.

Some recovery has taken place as a result of the recent retail price fall but world consumption is still thought to be about 10 per cent below pre-1975 levels.

July delivery coffee on the London futures market reached £2,000 a tonne yesterday but slipped to finish £120 up on the

day at £1,838.5 a tonne. The rise on the week was £247.5. Yesterday's rise was the steepest since last summer and took the price to the highest level since last autumn.

Nestlé, Britain's biggest coffee company, has no plans to increase the price of its instant coffees. But it warned that it might have to reassess the situation once the Brazilian frost period was over.

"We are moving into a critical period in Brazil. We must hope that there is no repetition of the disastrous cost of 1975 which sent coffee prices spiralling for two years."

General Foods, which produces Maxwell House and Birds, said: "The next eight to ten weeks will be very critical, but so far we have no plans to increase prices. It would be very premature to think about that now."

Nissan's view of the overall situation in its exports later this year seems to have been coloured by the depressing impact the revaluation of the yen has had on sales in the U.S. In addition, the Japanese car market itself is improving, after a great deal of international pressure for stimulation of home demand.

The Nissan president said the company sold 121,422 Datsun passenger cars in the U.S. in the first four months of this year, a negligible rise of 0.4 per cent over the same period in

## Japanese promise curb on cars

BY OUR INDUSTRIAL AND FOREIGN STAFF

JAPANESE car makers have promised their Government to tighten curbs on shipments of light and small commercial vehicles to the UK after a request from the Ministry of International Trade and Industry.

The Ministry has asked the industry to take further restraining measures because shipments during the first four months of the year have reached about 80 per cent of last year's total, in spite of a pledge to the British Government that they will be kept to last year's level. Up to April they totalled 59,900 cars and 12,200 lorries.

According to the Japanese Automobile Manufacturers Association in Tokyo, the restraint in exports will become more effective later in the year.

These developments come

after yet another period of rapid export growth by the Japanese motor industry, which pushed up car sales by 22 per cent in the first three months of this year to 832,000 vehicles.

In the face of mounting international anxiety about this rate of growth, Mr. Takashi Ishihara, president of Nissan, predicted yesterday that its worldwide vehicle exports would fall four per cent from the 480,000 units recorded in 1977.

He insisted that the company will not export more cars to Britain in 1978 than it did last year.

Mr. Ishihara's statement conflicts to some extent with suggestions in Britain that shipments from Nissan, which makes the Datsun range of cars, will be cut to about 50 per cent of last year's